

THE RELATION
OF THE
FEDERAL GOVERNMENT
TO THE
RAILROADS ;
OR,

A REVIEW OF THE CONTROVERSY BETWEEN THE POST-OFFICE DEPARTMENT
OF THE UNITED STATES AND THE RAILWAYS IN RESPECT TO THE
SO-CALLED POSTAL CAR SERVICE.

By DAVID A. WELLS.

“Nor shall private property be taken for public use without just compensation.”

—*Constitution of the United States, V Amendment.*

“Neither slavery nor *involuntary servitude*, except as a punishment for crime, shall exist
within the United States.”

—*Constitution of the United States, XIII Amendment.*

NEW YORK:

1874.

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To ISAAC HINCKLEY, Esq.,

President Phil., Wil. and Balt. R. R. Co.

SIR—In accordance with a request of yourself and other representative railroad managers, that I carefully examine the evidence pertaining to the controversy existing between the U. S. Post-office Department and certain railways in respect to the performance by the latter of the so-called "*Postal Car Service*," and thereafter prepare a brief but clear and comprehensive review and analysis of the facts and questions involved, I have the honor to submit the following statement :

THE NATURE AND IMPORTANCE OF THE CONTROVERSY.

Apart from a possible delay in the transmission and distribution of mail matter, the case as it stands is not one in which the public at large have thus far taken any special interest ; popular sentiment, as it has hitherto exhibited itself, inclining on the one hand to the opinion that the controversy related to details of minor importance, in respect to which the testimony of experts diametrically differed ; or, on the other, that the railroads, conscious of power, were endeavoring to extort from the Government, an excessive compensation for the mail service by them rendered, and that the Post-office officials, in resisting their demands, were simply opponents of monopoly, and as such, therefore, entitled to the sympathy and support of all good citizens. A very brief examination of the facts will, however, exhibit the case in an entirely different aspect, and at the same time abundantly satisfy that, instead of the questions involved being of comparatively little public interest, they are in reality of the broadest constitutional character, and as determinative through settlement of the future action and province of the Federal Government in respect to a large class of new issues, are entitled to take rank among the most important that have ever been presented to the American people. And, in support of this premise, it is essential to first clearly state that the controversy between the railroads and the Post-office Depart-

ment does not in any way relate to the performance of mail service in the sense that it is generally understood, and, also, commonly executed ; and that it does not involve furthermore (as the public undoubtedly have the impression) any refusal or intent of refusal on the part of the railroads to transport the mails with regularity and ordinary efficiency ; but simply to the question, whether the Post-office Department, representing the Government, can compel the railroads to perform a special and comparatively new branch of service, namely, that known as the "Postal Car Service," under conditions which the Postmaster General is alone the party determining, and at a rate of compensation wholly inadequate, in the opinion of the railway managers, to reimburse the actual cost and expenditure which is thereby on them made incumbent.

POSTAL CAR SERVICE DEFINED.

Such being then in general the nature of the controversy, it is important to next consider in what the so-called "Postal Car Service" consists, and wherein the same differs from *mail service* as ordinarily performed. And in explanation it is to be said, that formerly *exclusively*, and at the present time *in most cases*, mail service on the part of public conveyances consists in transporting as mere freight, mail matter enclosed in bags, from one post-office to another ; distribution or delivery of the matter transported taking place at the different offices, according to circumstances. But within a comparatively recent period (1864)*, with a view of economizing time and meeting the continually increasing demand of the public for improved postal facilities, a system has been introduced of distributing the mails while in the act of transportation ; and for this purpose a considerable number of the great trunk lines of railroad have, at the request of the Post-office, from time to time voluntarily, at their own expense, and in addition to all ordinary and prior mail facilities, caused to be constructed or fitted up and incorporated with their fast passenger trains, what are to all intents and purposes *travelling post-offices*. In a majority of cases the requirements of these travelling offices are abundantly satisfied

* The first postal car constructed and operated in the United States, was placed upon the lines of railroad connecting New York, Philadelphia, Baltimore and Washington, in 1864. Previous to this date, and with few exceptions, previous to 1868, the *entire* railroad mail service of the country was performed in the ordinary railway baggage cars.

with the use of a portion or compartment of a car, but on the great lines of road connecting the great centres of population and business, the exclusive use of entire cars is constantly demanded; and accordingly the lines in question have constructed and brought into use "postal cars," measuring from 40 to 56 feet in length, corresponding in cost, and, except as to seats, differing but little from *first class* passenger cars, fitted with shelves, letter racks, drawers, and other working conveniences, warming and extra lighting apparatus, ice water, washing and sleeping accommodations. As thus constructed, each postal car necessitates furthermore the carrying of from *two to five* post-office employés or clerks.

It is not to be understood, however, that postal cars as thus described, or postal compartments, are in use upon *all* the important lines of railway in the United States. On the contrary, as already intimated, full three fourths of the railroad mail service of the country, including that of many highly important lines, is still performed—as it was universally before 1864—in the ordinary baggage cars. Thus, upon the great line of the New Jersey Central (and also upon the Phil. and Reading R. R.), the mails are transported in baggage cars exclusively; but upon the Penn. Central, with which the N. J. Central connects, two lines of postal cars, 45 feet in length, are run daily between Philadelphia and Pittsburg; while upon the N. Y. Central, which performs about 2,000 miles of postal car service daily, a very large part of the weight of the mails is at the same time carried in baggage cars.

It is also worth while, for a full understanding of the case, to glance for a moment at what may be termed the internal economy of the "postal cars." Thus, upon the great lines connecting New York and Washington, the mails out of New York, amounting to tons in weight, are put into the postal cars in bags at Jersey City at the latest practicable moment before the departure of the train, where they are received by clerks, whose business it is to open the bags, assort their contents, and then distribute the same enclosed in fresh bags at the stations on the line, or at the terminus of the road most contiguous to the place of destination of the mail matter in question. Local mails are in like manner received at local stations and similarly distributed; and so the work of receiving and distributing

mail matter goes on constantly, day and night, during the whole time that the trains are in motion—relays of fresh clerks being provided at suitable intervals.

IMPORTANCE OF THE POSTAL CAR SYSTEM.

Of the importance and necessity of these travelling railway post-offices, it is probable that the public at large have as yet no adequate conception, and it is desirable, therefore, to ask attention to the following statements :

Thus, out of the whole number of letters, newspapers, postal cards, and separate packages—now upwards of 750,000,000—annually distributed through the mails of the United States, it is probable that about 70 per cent. are at the present time *primarily* handled, sorted and prepared for distribution while in the process of transportation under the postal car system, resulting in an economy of time—for example, in the case of letters passing from Chicago to Boston, of from one to two days, by obviating the necessity of breaking the transit connection of the mails by detaining them for distribution at the intermediate offices. In the testimony given before the Senate Committee (April, 1873), it was stated on the authority of Mr. Bangs, Department Superintendent of the railway mail service, that the effect of “the trunk lines suspending the running of postal cars” would be “*to force the Government in the City of New York to hire three or four large warehouses to do the mail distribution that they now do upon the railway trains;*” and that the confusion, owing to the large accumulation of postal matter as compared with ten years ago, would be so great as to delay the delivery of letters and newspapers “anywhere from two to four days, and sometimes a week.” (Evidence Senate Com., p. 58.)

Mr. Davis, Assistant-Superintendent, railway mail service Post-office Department, also testified before the same committee that the result of the discontinuance of the postal car system would be “to throw into the principal post-offices such a mass of matter that they would have no accommodations for it. With the limited accommodations they have, they could not work a force sufficient to distribute in good time. It would involve a very annoying delay.”

Mr. CONKLING: Q.—Omitting detail, Mr. Davis, is not the general truth contained in these two facts, that the post-office

on wheels, allowing its mail to be distributed in motion, first, utilizes the time spent in transit; and second, relieves the Department from the necessity of providing accommodations, space and facilities for doing that same work of distribution in some edifice or room of its own?"

Mr. DAVIS: A.—Yes, sir.

Mr. CONKLING: Q.—That general statement covers everything except the details which result from its application?"

Mr. DAVIS: A.—I think it does. (Evidence Senate Committee, p. 131.)

As a further illustration of the extent to which the Post-office Department is relieved from the expense of providing permanent space accommodations for mail distribution, by reason of its utilization of railroad property, it may be stated, that in the large cities, as Boston, for example, it is now the custom for the post-office carriers (not only for Boston, but for the neighboring cities, Charlestown, Cambridge, Roxbury, &c.) to attend at the railroad stations, and take the mail matter for their respective districts from the postal cars direct—thus obviating to a very great extent any necessity whatever for the intervention of the local post-offices, and the consequent occupation of its employés and accommodations.

From these considerations it is therefore evident—*first*, that the postal car service in the United States is not only of great importance, but also that its continuance and progressive development upon our great railroad lines of intercommunication, has become a matter of absolute and vital necessity to the entire business interests of the country; and *second*, that the mere carrying of mail bags filled with letters and papers in a baggage car, and the throwing out of the same at the different stations, is a work so entirely different from that performed by a travelling railway post-office that the two forms of service scarcely admit of comparison.

THE GRIEVANCE¹ OF THE RAILROADS.

Such then being the character of the "Postal Car Service," the next point of interest to which it is important to call attention is, that although this special work has been acknowledged to be an indispensable feature of the United States mail service since 1864, yet prior to June 30, 1873, *no additional compensation* whatever was made to certain of the principal railroads per-

forming the maximum of such service; *while the increase made to any road transporting and furnishing postal cars* has been in general in consideration of the increased weight of mails carried (the same being estimated according to a standard adopted when all mails were moved and stowed as baggage in baggage cars), and with little or no reference to the number and weight of cars hauled, space occupied, agents and employés carried free of expense, or the hours at which the service is demanded. Thus, for example, the Phil., Wil. and Baltimore R. R., in 1850—the days of specie currency, 'low speeds,' and one or two light mails per day, transported exclusively in baggage-cars—received for its mail service \$38,250 per annum. In 1873 the same road, carrying an average of *ten tons* of mails per day, exclusively in postal cars incorporated with fast trains, and with from three to five clerks in each car riding free, received for such service \$37,500. In 1873 the N. J. Railroad, carrying *eighteen* mails aggregating 12 tons in weight per day, and running *four* trips of postal cars, *four* of apartment cars, and *ten* trips where mails are put in baggage cars, with *fourteen* post-office employés riding free, exclusive of all other so-called officials—were paid according to a basis established in 1845, when but one mail per day was carried between New York and Philadelphia, and in a sum which, the President of the road testified before the Senate Committee, does not amount to "one quarter the actual cost of doing the business."

Again, in 1856, the Connecticut River Railroad, carrying twice a day in baggage cars a mail so small "that one man could always have lifted it," received \$6,250 annual compensation. In 1873 it received exactly the same amount for carrying a mail averaging one and three quarters tons per day, two free employés, postal car apartment 21 feet in length on four trains, besides mails for intermediate trains between the larger stations, and the free transport of numerous special agents.

It is also to be noted that in no case does the Post-office Department assume any part of the expense of constructing and furnishing the elaborate and costly cars used as travelling Post-offices, or of their subsequent repair and maintenance; and that, in addition to road or line transportation, the Department requires the railroad companies to pay truckage of the mails between the intermediate stations and all Post-offices within a

quarter of a mile, and at the terminal stations irrespective of distance;* an item of requirement which entails the heaviest cost upon those roads carrying the greatest weight of mails, which are the roads upon which the postal car system is operative. Again, on roads carrying mails as baggage no clerks are required—the baggage masters generally acting as mail agents without compensation—and the number of other Government officials riding free is comparatively small. But on the great lines of intercommunication, which because they are great do the postal car work, the exact contrary is the case, each postal car or compartment necessarily carrying from one to five Post-office clerks; while the number of other persons—Post-office "route" and "special" agents, Department clerks, local Post-masters, U. S. Commissioners, etc., etc.—travelling free under the title of "*duly authorized special agents of the Post-office*," is very considerable.

"Counted as simple tonnage, we receive quite enough for carrying it. But the point is, the large accommodation we are obliged to give in the Post-office cars, the carrying of those messengers, and the carrying of all the parties whom the Department sends to us. And they are like the locusts of Egypt, I sometimes think. They are very numerous, sir, and are sent over the roads on all sorts of pretexts."—*Testimony of D. L. Harris, Pres. Conn. River R. R., p. 87 Senate Evidence.*

"We carry on our lines," says Mr. Worcester, Secretary N. Y. Central, in his testimony before the Senate Committee, "a large number of agents, who have no connection whatever with the mail business on our roads, or its immediate or even remote

* "The provision for such delivery and receiving was always contained in the old contracts. It applied originally to stage coaches and similar conveyances, but was continued in regard to railroads. When a stage coach had reached the end of its route, and had discharged its passengers, it was easy to drive to a Post-office, even if a mile further on, but railroads are put to a considerable special expense in doing it, and are performing a service quite out of their line of business. And Post-offices often change in location. Sometimes a Post-office is over 80 rods from a station; a change in Postmasters may be made; and as the Post-offices are frequently kept in the hotel or store of the appointee it is brought within that distance. Notice is given to the company that it is required to receive and deliver the mails at the new office. While these things are serious inconvenience to the railroad company, not being in the line of their business, they also enter into the cost of the service performed, and, without being anything exactly tangible, add materially to it. It might be said here that we have an agent; he could take a mail bag eighty rods to an office just as well as not; but in doing that he would perhaps have to neglect his proper duties. If he happened to be a switchman also, and a train should go off the track by reason of his absence, the question would at once be asked why he was off duty. Everybody knows the criticisms made on a railroad company if accidents or delays occur because any of its employés are away from their posts."—*Testimony E. D. Worcester, Senate Com. Report, pp. 46, 47.*

connections. They are frequently going to some distant point for the purpose of examining into the affairs of some other road not having anything to do with us, or on some other business, or returning therefrom. These agents accumulate, so to speak, on the trunks and principal lines of the East, and the number of them that pass over our line is enormous."

RAILROAD LIABILITY TO U. S. OFFICIALS RIDING FREE.

Agents of express companies are carried at their own risk upon railroads; but employés and friends of the Post-office Department, forced upon the road as free passengers, can sue the companies in the case of accident, and in repeated instances have done so and recovered heavy damages. Thus, by a report of the President of the New Jersey Railroad, submitted to the Senate Committee, it appears that twice since the introduction of the postal cars on that road have the trains been thrown from the track by the carelessness of clerks carried free, who dropped mail matter under the car wheels. One of these accidents involved grave injuries to passengers, besides the damage to the cars, and one of these same clerks sued the company for damages sustained by himself. The accident cost the railroad over \$12,000, while their annual pay for mail service was only \$13,500.*

OBLIGATION OF RAILROADS TO DO COLLECTION BUSINESS FOR THE FEDERAL GOVERNMENT.

Another matter of grievance between the railroads and the Post-office is so extraordinary that, were not the facts undisputed, their occurrence in a Department of the Government, claimed to be administered in accordance with the most approved and modern methods of doing business, would seem to be impossible—and that is the practice which prevails in the P. O. Department of not settling audited and adjusted accounts with the railroads for mail service directly and at once by draft on the U. S. Treasury, but of compelling the companies to take as part of their pay, orders, or as it were, "due-bills" on

* During the year 1873 nearly \$30,000 damages have been paid by the Eastern (Mass.) Railroad Company to Post-office agents, as compensation for damages received by them while riding free in a postal car. The sum of \$4,000 was once also paid by the Providence and Stonington Railroad, in consequence of an accident to a Post-office clerk riding free in a baggage car full of baggage, on an occasion of the train being thrown from the track by a maliciously designed obstruction.

the country post-offices, situated at a greater or less distance from the line of their road! The railroad companies are therefore obliged to do a collecting business for the Government without compensation, in addition to their work of transporting the mails, and the annoyance and expense incident to such a system are thus detailed in the testimony before the Senate Committee by the Treasurer of the N. Y. Central, Mr. Worcester:

“The Department sends *orders* on all the post-offices within a certain distance of our line to collect as part of our pay. A great many railroad companies communicate with such postmasters as are convenient and let the rest go; send back the orders as nothing collected. I had charge of that particular business on the N. Y. Central. I made it a rule to reach every postmaster on which an order came to us. Some of them were five, six, and even as much as ten miles from the line of our road, and had to be reached either by sending a messenger expressly, or writing to the postmaster asking what money he had, telling him of the order we had to collect, and upon his informing us, sending him the receipt signed, and asking him to remit; and we have had to pay postage on all letters sent on this business. These things, and others of the same kind, in the aggregate, enter into and add largely to the cost of doing this service.”

PROPOSED ACTION OF THE RAILROADS.

It was testified before the Senate Committee (by Mr. Hinckley, President of the Philadelphia, Wilmington & Baltimore Railroad; by Mr. Worcester, of the New York Central, and D. L. Harris, President of the Connecticut River Railroad), that, at the time of the introduction of the postal cars, distinct verbal assurances were given by the P. O. Department through its agents, that reasonable additional compensation should be made for the increased service asked and rendered, but that no such promise had been fulfilled; and this, too, notwithstanding the railroads by authorized committees and through their respective officers had every year since 1866 applied to and petitioned the Department on the subject; and although the Postmasters General (Randall) in 1867 and (Cresswell) in 1869 had in their respective reports to Congress both recommended a readjustment of the rates paid

to railroads for mail service; the latter particularly specifying as a reason, that since the passage of the act of 1845 regulating the rate of pay for mail transportation, the changes that had occurred "have imposed large additional duties upon the railroads constituting the great trunk lines and have largely increased their expenses."

In 1872, also, nothing having been done by the Department, the subject came before Congress, and an act was passed increasing the compensation of railroads running postal cars to the extent of *fifty* per cent.; but as no appropriation was made to meet the provisions of such act, and as the act itself was repealed in March, 1873, no benefit whatever accrued to the railroads interested.

Under such circumstances, therefore, it ought not to be a matter of surprise that the leading railroad companies performing postal car service became greatly dissatisfied, and that considering themselves trifled with, the Boston & Albany, the Philadelphia, Wilmington & Baltimore, the Connecticut River Railroad, the New York, New Haven & Hartford, the Pennsylvania Central, New York Central and Hudson River and New Jersey railroads did, on the 27th of January, 1873, give notice to the Postmaster General, that unless their just claims for compensation were recognized—the rate demanded "being less than that paid by the public for the transportation of car loads of freight in cheap cars at less speed"—they would not consent on and after the 18th April, 1873, to provide and run postal cars, but would, thereafter, "transport the mails in the mode which obtained before they were induced by the General Post-office Department to provide railroad post-office cars."

Previous, however, to the date specified, the whole matter having been referred by the Senate of the United States to a Select Committee on "Transportation;" and in view of the great inconvenience to the public from the abrupt discontinuance of the postal service, it was resolved by the railroads interested to make one more effort for an amicable redress of their grievances, and that pending a full presentation of their case to Congress and the public, to suspend the notice above referred to, and await further action of the Government.

It should be also stated in this connection that, subsequent to

the notice of discontinuance given by the railroads, or on the 3d of March, 1873, an act was passed by Congress, which provided for some increase of compensation for postal car service; but as the maximum amount even then allowed to be paid by the P. O. Department is regarded by the railroad companies performing the greatest and most important part of such service, as wholly insufficient to reimburse them for the expenses actually incurred in so doing, to say nothing of any profit, the question remains in all respects as it was originally presented for adjudication upon its merits. To admit, however, of such an adjudication being made *intelligently*, and, therefore, equitably, a review and consideration of the evidence submitted respectively by the railroads and the Post-office Department is necessary, but before entering upon this it is important to consider one other question, and that is:

SHOULD THE FEDERAL GOVERNMENT PAY ANY COMPENSATION
WHATEVER TO PUBLIC OR CHARTERED CORPORATIONS FOR
MAIL SERVICE OR TRANSPORTATION.

At first thought the asking of such a question would seem entirely superfluous, but its necessity for asking any consideration will not, it is believed, be denied, when it is remembered that for years the Government, through its representative, the Post-office Department has by acknowledgment required of various railroads that they should perform large and continually increasing services, and incur largely increased expenses, without receiving in return any increased or adequate remuneration; that while officially acknowledging the existence of great inequalities and injustice, redress for the same has not been given; that in awarding such compensation as is given, the judgment of the party receiving service has been arbitrarily made the sole standard of procedure; and finally, when the railroad companies, despairing of any redress, respectfully give notice to the Government of their unwillingness to continue to perform a special service under conditions entailing a loss to their stockholders, the notice itself is characterized as an attempt at extortion; while in the Senate, a committee is authorized to inquire "*what legislation is necessary to guard the postal service against injury by hostile action on the part of the railroad companies?*" But be this as it may, the opportunity for any great

latitude of opinion in respect to this question is exceedingly limited ; for while it must be admitted that the Federal Government, in virtue of its power of "eminent domain"—a power vital to the existence of any Government—has the right to take whatever it may require of the property of its subjects or citizens for public uses, the *arbitrary* exercise of such power is not permissive to any representative of the Government in time of peace, but can only take place in accordance with due process of law enacted by Congress, and having full regard to the clause of the Constitution which imperatively declares *that private property shall not be taken for public uses without just compensation*. It would also seem clear that this provision of the Constitution is just as much violated, when insufficient compensation is arbitrarily given for property taken, as in the case when no compensation whatever is awarded under similar circumstances. "In short, there is no proposition of law more familiar and none more thoroughly covered by the Constitution of the United States than the principle referred to ; and even if there were no direct provisions of this character in the Federal Constitution or the Constitution of the States, the common justice, the common reason and the common sense of mankind would have said this must be the doctrine of the law."*

But, however it may be with property, the relation of the State to the services of its citizens is an entirely different matter. Apart from certain public duties obligatory on a citizen as an essential condition of citizenship, no truly free State can, in time of peace, exact compulsory service of any kind of its citizens, except as punishment for crime. To attempt to establish the contrary is to attempt to establish a despotism ; and if the proposition involved is not made certain from the simple statement of the case, the question is placed beyond controversy by the 13th Amendment to the Constitution, which declares that "neither slavery, nor *involuntary servitude*, except as a punishment for crime, shall exist in the United States."

* Railroad companies are artificial citizens of the States that have created them ; so treated in the Judiciary Act of 1789 ; so treated in the several supplements to that act, which fully define and prescribe the jurisdiction of the Federal courts : who shall enjoy it and how that jurisdiction shall be exercised. They are artificial citizens of these particular States, having all the rights that their charters conferred upon them ; having those rights under the solemnity of a contract, and that contract being one upon which violent hands cannot be laid, whether by the State or the Federal Government.—*Hon. Theo. Cuyler.*

Practically applying now the above principles, it follows that the Federal Government cannot take the property of its citizens in time of peace without due process of law, and without making just compensation for the same; and cannot exact compulsory service from its citizens unconvicted of crime, under any conditions; and what is true of an individual citizen is equally true of an association of citizens or corporations, which, in law, are artificial citizens of the State which have created them.*

A corporation differs from an individual, however, in this respect—that it is under obligation to the public to efficiently and reasonably perform that service for which it was created. In the case of a railroad, as ordinarily chartered, that obligation is to supply reasonable facilities of transportation, without discrimination as to persons or property, and at reasonable and equitable prices. More than this the general public are not entitled to demand. With this obligation fulfilled the general public are abundantly satisfied; and it is difficult to perceive by what clause of the constitution, or upon what principles of reason and justice the Federal Government, in respect to its service, is invested with any higher prerogative, or is warranted in demanding of the railroads any higher privileges. It is, moreover, a most extraordinary element of this controversy, that this question should be so practically brought to an issue by the action of an Executive Department of the Government as to require serious consideration and argument in refutation; and may well induce the inquiry on the part of every friend of constitutional liberty, whether as a people we are forgetting the principles on which the Government of the United States has been established, or whether, ignorantly or designedly, an attempt is being made to undermine and destroy them.

As common carriers, under obligations by the conditions of their incorporation and existence to perform service of transportation for the public, the relations of the railroads to the Federal Government was thus clearly defined by the Hon. Theo. Cuyler, in an argument on this subject before the Select Committee of the Senate.

* "Their franchises are property; their cars and locomotives are property—the private property of an artificial citizen; but none the less a citizen so far as rights of property are involved, because artificial, than an actual citizen instinct with life would be."—*Hon. Theo. Cuyler.*

"The Government may say to them, 'You shall carry the mail.' They cannot refuse to do it. The Government may say to them, 'You shall carry for me as you do for your most favored customers under similar circumstances.' If they refuse to do it they are justly punishable, and they violate the law of their being; but that is all the Government can say to them. They are not the creatures of the Federal Government; they owe it no more allegiance and no higher duty than a private citizen does; and just precisely as the Government cannot say to me, 'You shall give your house for the occupancy of the Government for the purposes of the Post-office or the War and Navy Departments, or any other governmental department, without compensation,' just so is Government powerless to say to those citizens of the States, artificial though they be, not created by the Federal Government, and owing it no higher allegiance than the individual citizen does, just so is the Government incapable of saying to them, 'You shall carry my mails free,' or 'You shall do for me any other service which it is not entitled to exact from the private citizen.'"^{*}

And it is important right here to ask attention to the fact (discussed in detail hereafter), that the Government of Great Britain, after repeated consideration of this very subject, have determined that, although the railways of the United Kingdom have been chartered exclusively by Parliament, yet in the absence of any express stipulation to the contrary, no greater privileges in respect to services can be claimed by the Government of the railroads than what pertains to the general public.

As stated, therefore, in the outset, the question involved in this controversy is something more than a mere question of dollars and cents, and something very different from what the Post-office Department has held it to be; namely, the far more important and vital one, whether there is a power inherent in the Federal Government and subject to be exercised by the heads of a department of that Government, of appropriating the private property of any citizens for public uses without just compensation; or of requiring service from State corporations or common carriers other than what they are required by their charters obligation to afford to the general public.

* Hon. Theo. Cuyler. Proceedings Senate Committee.

THE RELATIONS OF THE RAILWAYS TO THE STATE IN EUROPE.

It will be also pertinent at this point to briefly notice the practice of the various European Governments in dealing with their railroads under similar circumstances.

Thus, in the Continental States of Europe, where railroads are either owned directly by the State (as in Belgium and Russia); or, in virtue of original grants or concessions (as in France and Germany), are under full control of the State, the power on the part of the respective governments to arbitrarily determine the conditions under which the railways shall transport mails, troops, etc., is absolute and unqualified. But even in respect to the latter class of roads, the right to use their *ordinary* trains without compensation is regarded in the light of a State tax on the road in return for grants and privileges; and in all cases where *special* service is required by the State of such roads, other than what is included in the concession or charter, *such service is immediately paid for by special and mutual agreement.*

In Great Britain, on the other hand, where the relations of the railroad to the State are very similar to those existing in the United States—with the exception that all charters are granted by Parliament—the Imperial Government, both Parliament and Ministry, have, in the absence of any original stipulations, expressly and scrupulously refused on several occasions to arbitrarily enact or prescribe fixed compensation to be paid to the railroads for the performance of mail service; but on the contrary, and shortly after the commencement of such service (1st and 2d of Victoria, 1838), enacted that “every company of proprietors of any railway along which mails, etc., shall be required by the Postmaster General to be conveyed, shall be entitled to such reasonable compensation as shall be fixed and agreed upon between the Postmaster General and said company of proprietors,” and that in all cases “of difference of opinion between them as to the amount of remuneration, then the same shall be determined by arbitration.” And this method of settling differences between the Post-office Department and railways of Great Britain in respect to mail service has continued in accordance with the act above referred to until 1873, when, in a new act providing for the appointment of commissioners to superintend the railway

and canal traffic of the United Kingdom, the following provision was proposed to be substituted :

“In determining any question as to the remuneration to be paid by the Postmaster General to any railway company for any services performed by them, the Commissioners shall fix such remuneration at such a rate as is, in their opinion, having regard to the nature of the service and the circumstances of the case, as nearly as possible equal to that charged by the company to the general public for a similar service.”

But the House of Commons, in considering the bill, refused to adopt the amendatory proposition vesting the power of determining compensation in the hands of commissioners, and in its place substituted the following :

“Every railway company shall be entitled to reasonable remuneration for any services performed by them in pursuance of this act with respect to the conveyance of mails, and such remuneration shall be paid by the Postmaster General. Any difference between the Postmaster General and any railway company as to the amount of such remuneration, or as to any other question arising under this act, shall be decided by arbitration, in manner provided by the act of the session of the 1st and 2d years of the reign of her present Majesty, or at the option of such railway company by the commissioners.”

As an additional illustration of the relations of the British Post-office to the railways of Great Britain, attention is further asked to the following testimony of Mr. John Tilly, C.B., Secretary of the British General Post-office, as given before a Select Committee of Parliament “on railways,” June, 1872 :

CHAIRMAN.—Q. You came at the desire of the Postmaster General to make some statements upon the subject of the law now regulating the conveyance of the mails ?

A. That is so.

Q. What is the whole extent of your power by law ?

A. The Postmaster General may serve a notice upon a company to run a certain train at a certain hour and at a certain speed ; and then failing an amicable agreement with the company, the payment is to be settled by arbitration.

Q. Is that a power which is often exercised ?

A. Not very often now, so far as regards the mode of settling the payment, because, generally speaking, we make an agreement with the company for the general use of their trains, and we pay a certain sum yearly for the performance of all its services required by the Post-office.

Q. Do you complain of the state of the law with respect to these mail trains?

A. Not at all ; what we complain of is, that we have no power by law to send mail bags by any train which it may be convenient to use.

Q. How are payments settled for mails sent by ordinary trains, and which, I understand, you send only by agreement with the company?

A. Simply by agreement with the company : we ask them what they will take the bags for, and so it is settled. It is a matter of bargain with the company in each case ; and, therefore, in making any agreement with the company, of course we are, it may be said, at a disadvantage, because they have power and we have none ; they can refuse, if they please, to take the bags ; we cannot insist on sending them.

CHAIRMAN.—Q. Has the result been unsatisfactory as regards the amount of payments that you have to make ?

A. I cannot say that it has—taking all the railways of the kingdom into account, I do not think we have any great reason to complain.

Q. What privileges do you think you ought to have in the public interest ?

A. We think we ought to have the power by law of sending bags by any trains that are convenient to the Post-office—paying for them, of course.

MARQUIS OF SALISBURY.—Q. The Post-office regulating the departure and stopping of the trains ?

A. No, having no control whatever over the trains.

CHAIRMAN.—Q. You have no general complaint to make of your agreements with the companies ?

A. I think not.

EARL OF DERBY.—Q. I do not understand you to say that the companies have abused the power that they possess, but only that there is a possibility that they might do so ?

A. Quite so ; they do not hamper us at all.

CHAIRMAN.—Q. Have you had some cases of difficulty ?

A. We have with one or two railways, but it would not be fair to make anything like a general complaint. With all the large railways out of London we have seldom had any difficulty in coming to terms ; but we have had certain cases.

CHAIRMAN.—Q. You do not desire to obtain this service at a rate which would be a losing one to the companies ?

A.—Not at all ; I think it would be unadvisable that we should, even if we could. I think we ought not to make it a service which is disliked. We desire to be on good terms with the companies.

And again, in testimony given before a similar Committee of

Parliament in 1865, by Mr. Fred. Hill, Assistant Secretary of the British General Post-office, we find the following—Sir Rowland Hill, well-known as the principal originator of the “Penny Postage System” of Great Britain, and a member of the House of Commons being the interrogator:

Q. It is not the desire of the Post-office, is it, that the mails should be carried gratuitously?

A. No; it is not.

Q. The Post-office would prefer paying the companies a renumerative price, to having the mails carried for nothing, would they not?

A. Yes; so long as it is not more than a fairly renumerative price.

Q. And is it not for this, viz., that the Post-office are of the opinion that the service would be better performed if paid for than if it were not paid for?

A. Yes. We think that if it were paid for according to a reasonable tariff; then in case we increase the service there would be no feeling of aversion to it, and no obstacles quietly thrown in the way, or anything of that kind.

TRANSPORTATION OF MAILED UNDER GOVERNMENT OF THE DOMINION OF CANADA.

The following testimony of Mr. Brydges, Chairman of the Grand Trunk R. R. of Canada, before the same Parliamentary Committee, shows clearly, also, the relation sustained by the Government of Canada to its railways, in respect to the performance of mail service, even in cases where the Government had made actual money contributions towards constructing the roads with which it subsequently contracted:

Q. Have the Canadian railways received any aid from the Government?

A. The principal lines have; the Grand Trunk to the extent of £3,112,000 (\$15,560,000).

Q. Does the Post-office enjoy any privileges on your railway?

A. The Post-office send their mails by the railways.

Q. Do they pay for them?

A. Yes.

Q. How is the rate of payment determined?

A. By negotiation, and finally by a commission appointed to advise the Government upon the subject.

Q. Is there a provision in the act regulating railways for determining the rate of payment by the Post-office?

A. I think the language of the act is, that the company shall carry the mails with all the facilities at their command, and if they cannot agree upon the rate of compensation, it shall be determined by the Governor-General in Council.

Q. Practically it came to an arbitration?

A. It came to an arrangement between the company and the Government, after a good deal of discussion, by the appointment of arbitrators, and finally a commission of inquiry.

Q. What rate per mile do they pay?

A. They pay us \$150 per mile per annum.

Q. Taking the miles on both direction?

A. That is per mile of railway.

Q. How many mails are carried *per diem* at that rate?

A. They are to have one each way, and on some portions of the line a second mail each way daily.

Q. Then, in fact, although you have received Government aid in construction of railways, you are practically as free as the English companies are in respect of charging rates?

A. Exactly; except as regards the limit with reference to operation of our lines, beyond which we must not go.

Q. In fact you are as free as the English railways are?

A. We are quite as free.

An examination of the above evidence, therefore, leads to a conclusion, which, to say the least, is one not a little singular, namely: that while in Great Britain, where there is no written constitution to restrain, and where Parliament, representing the supreme power of the State, is the sole arbiter in respect to matters and things of its own creation, the inviolability of rights and property, private or corporate, is so fully recognized, that the right to compel a railway to perform mail service for the State, on conditions to which the State alone is the determining party, and to which the railroad has not amicably assented, has never been even so much as talked of; in the United States, on the contrary, under a written constitution ordained to establish justice and secure the blessings of liberty, the practice and expediency of the Government requiring service without adequate compensation, and on terms to which the receiver is alone the assenting party, has not only been maintained and advocated, but any respectful objection to the same by the parties aggrieved has been characterized as the offshoot and evidence of an extortionate and greedy monopoly.

THE REAL QUESTION AT ISSUE.

But dismissing the idea that the Federal Government can institute compulsory service, or take the property of either persons or corporations without awarding for the same a just compensation, as something contrary alike to the spirit and letter of the constitution, unworthy of argument, and an act which, in respect to railways, the people, however otherwise prejudiced against hem, will never sanction or tolerate, the only question at issue in the present controversy is as to *what constitutes reasonable and just compensation*. And as assisting to the formation of an opinion on this point, it may be remarked: *First*, that while the Government has a just claim, owing to the nature and extent of its business, to have its needs supplied, be it by shipbuilders, manufacturers or railway carriers, at the very cheapest rates, the shipbuilders, manufacturers and railway carriers, on the other hand, have a right to expect in return a compensation which shall not be in excess of the prices charged by them to their most favored customers. And it is interesting to note that upon this very matter of compensation for railway mail service, the British Government has officially defined its position, for in a bill entitled, "*A bill to make further provision for the conveyance of mails by railways*," introduced into Parliament in 1858, in behalf of the Post-office Department, the following memoranda in respect to the item of compensation was submitted in connection therewith by the then Postmaster General, the Duke of Argyle.

"Discussion will, of course, arise on the figures of the proposed tariff for services performed by ordinary trains. It will be sufficient to explain here that it is based on the principle *that the post-office is to have no pecuniary advantage over the general public; that it is to pay at rates calculated upon the actual charges of the public traffic, with no other deduction than that which is due for regularity and continuity of service*."

INCONSISTENCIES OF A FIXED STANDARD OF COMPENSATION.

Second. The rule* at present laid down and acted upon by the

* "That the Postmaster-General be, and he is hereby, authorized and directed to readjust the compensation hereafter to be paid for the transportation of mails on railroad routes upon the conditions and at the rates hereinafter mentioned, to wit: That the mails shall be conveyed with due frequency and speed; that sufficient and suitable room, fixtures and furniture, in a car or apartment properly lighted and warmed, shall be provided for route agents to accompany and distribute the mails; and that the pay per mile per annum shall not exceed the following rates, namely:

Post-office Department, namely, that of having a definite sliding scale of compensation regulated by weight for postal service of all description, is in itself unreasonable and illogical, inasmuch as the elements upon which the cost of railway mail transportation depend are *rates of speed, grade of road, hours of service, number, weight and character of cars required, expensé of local and terminal deliveries, number of Government employés or agents to be carried*, all of which vary indefinitely, and not the mere question of the weight of the mail matter transported. Thus, for example, the cost of each passenger per mile transported on the Philadelphia, Wilmington and Baltimore railroad for 1871, was 1.53; but on the Pennsylvania Central for the same year the cost was 1.95, or 27 per cent. greater. On the other hand, while the former road cannot convey freight for much less than *two cents per ton per mile*, the cost to the latter is less than *one cent per ton per mile*.

Again, it is sometimes supposed that the power of a railroad to carry express or mail matter in connection with its fast passenger trains is unlimited; but this is an error. There can be only a given weight carried on passenger trains if speed is to be preserved, for every pound of weight that is put on such a train subtracts from its speed and adds to its resistance; and the addition of a postal car to a train, irrespective of what is put into it, may make oftentimes the difference between a train moving or not moving—or moving with the motive power of one locomotive or with the motive power of two. It is, moreover, an actual fact, that the "putting on," or continuing of extra fast trains on the great trunk lines of railway in the United States, to the great accommodation

On routes carrying their whole length an average weight of mails per day of two hundred pounds, fifty dollars; five hundred pounds, seventy-five dollars; one thousand five hundred pounds, one hundred and twenty-five dollars; two thousand pounds, one hundred and fifty dollars; three thousand five hundred pounds, one hundred and seventy-five dollars; five thousand pounds, two hundred dollars, and twenty-five dollars additional for every additional two thousand pounds, provided that additional pay may be allowed for every line comprising a daily trip each way of railway post-office cars, at a rate not exceeding twenty-five dollars per mile per annum for cars forty feet in length; and thirty dollars per mile per annum for forty-five feet cars; and forty dollars per mile per annum for fifty feet cars; and fifty dollars per mile per annum for fifty-five to sixty feet cars; and provided, also, that the length of cars required for such post-office railway car service shall be determined by the Post-office Department, and all such cars shall be properly fitted up, furnished, warmed and lighted for the accommodation of clerks to accompany and distribute the mails.—*Act of March 3, 1873.*

of the public and the facilitation of business, has, in more than one instance, been obstructed or prevented by the action or arbitrary interference of the Post-office Department in respect to the transmission of the mails. Thus, it was stated in evidence before the Senate Committee, that it was proposed to put on the line between New York and Washington a train superior in many respects to anything we now have in the country, and which, with extraordinary accommodations for passengers, shall run through in an hour and a half in advance of the mail; but that if the Postmaster General is to require a postal car, and a heavy weight of mails to be carried therewith, and without any additional compensation, the train in question cannot and will not be run. Mr. Worcester, of the New York Central, also gave the following additional illustration of the manner in which the Post-Office Department arbitrarily discriminates against the interest of the railroads and the accommodations of the public:

“A few years ago there was a train for a point at the southwest from New York. The New York Central road occupies the longest line, and there was a very fast train put on the shortest line. In competition with that train we put on one which we had to make very small, running almost without stops, and at a great rate of speed. Suddenly we received notice from the Post-office Department that the mails for points on our line of road, reached by that train an hour and an hour and a half or two hours, as the case might be, in advance of the regular train from these points in the southwest, must be brought on that train. If we had put them on we would have been compelled to take the train off.”—*Senate Testimony*, p. 144.

Referring again to British precedents of experience, we find on this head, in the “memoranda” submitted to Parliament by the Postmaster General with bill, in 1858, the following:

“In respect to all service rendered under the compulsory powers possessed by or to be conferred on the Post-office, we admit that no tariff absolutely fixed can be applied with justice to either party;” and for the reason “that such powers may or may not act beneficially to the ordinary service of a railway company. The hours fixed may be unsuitable for general traffic, or by their correspondence with other trains, by their speed, or by the undeniable popularity attached to the name of mail trains, they may be highly remunerative trains.”

It was, however, proposed in the bill noticed, while main-

taining arbitration for the settlement of differences between the Post-office and the railroads in respect to compensation, to at the same time lay down certain rules of computation for the guidance of the arbitrators, which should confine their awards within a fixed maximum and minimum; but when the bill came before Parliament the proposal was at once stricken out, and the matter of arbitration left as before—unfettered and unlimited. And as further showing the opinion of the experts of the British Post-office on this subject, we ask attention to the following extract from the testimony of the Acting Secretary of the Department, Mr. Hill, as given before a Parliamentary Committee on the management of railways:

Question by LORD STANLEY. Do you think it would be possible to substitute, for the system of separate arrangement in each case, any system by which a fixed invariable payment should be made, and so do away with the necessity of arbitration?

A. No; the circumstances are so very various that it would be impossible. Take the case of a swift train travelling by night to suit the necessities of the Post-office, as compared to sending a mail by ordinary train travelling by day. The cost to the railway company, and the sum, therefore, which we ought to pay, is very different under such circumstances.

THE POSITION OF THE RAILROAD MANAGERS.

So much being premised in the way of general principles, the position of the railroad managers in this controversy, in respect to the basis of compensation for railway mail transportation, may be substantially stated as follows:

First. That a postal car is like a passenger car, or space allotted to an express company, and should be paid for by the Government according to the tariffs established for such service.

Second. That simple mail matter in bags, if the same is held by the Post-office Department to be ordinary freight, and is paid for according to such assumption, should be correspondingly treated as such by the railroad companies; *i. e.*, should be carried as baggage in freight cars, on trains devoted to the transportation of merchandise.

POSITION OF THE POST-OFFICE DEPARTMENT.

On the other hand, the Post-office officials, so far as their position can be understood, claim that the service performed by the railroads in transporting postal cars and their contents—mails and clerks—is entirely analogous to the transportation of first class freight over the same roads. And, further, that on such an assumed basis, and under the new law of 1873, the railroads are far more than compensated for the mail services by them rendered; tables (to be hereafter referred to) having been submitted to the Senate Committee by the Post-office Department, and subsequently published, showing that on three of the great trunk lines between the seaboard and the West, *i. e.*, between New York and Philadelphia, Philadelphia and Pittsburg, and Pittsburg and Chicago, the amount paid to the several companies by the Government for car space used in transporting the mails, is \$86,059 in excess of what the same companies would receive were a corresponding service, measured by car space, performed in the transport of first class freight in connection with freight trains.

COMPARISON OF RAILWAY MAIL SERVICE AND RAILWAY
TRANSPORTATION OF FREIGHT.

To aid now in determining the correctness of these respective positions, it is important to keep in mind the following considerations:

First. *That fast trains, carrying passengers, rarely carry either first or second class freight ("express" matter excepted); or, in other words, the running and management of passenger trains, ordinary or express, is a very different branch of business from the running and management of trains carrying freight.* The former move at rates of speed rarely less than *twenty*, and often equaling *thirty-five* miles per hour, and at regular hours, in accordance with time-tables; while the latter, rarely ever moving in excess of *ten* miles per hour, are frequently detained, and at all times run at the convenience of the companies. A freight car, furthermore, is neither warmed, lighted, nor fitted up; but is, in short, a simple but massive covered truck.

It would, therefore, seem to be out of all reason for the Post-office Department to insist, either that the railroad companies

shall be required to furnish postal cars—corresponding in expense of construction and equipment to first class passenger cars—to carry first class freight; or that the mails carried and assorted in such cars shall be regarded as first class freight. Thus, when the Chairman of the Senate Committee asked Mr. Worcester, of the New York Central, "What do you estimate the cost per mile for transporting freight on a passenger train? The answer was: "That is something we never estimated. We carry no general freight on passenger trains."

It would also seem to follow, that the only fair and equitable standard of comparison that can be adopted in this controversy is not between postal cars—the space occupied and fitted up, and the service performed by them—and ordinary freight cars and service; but between postal cars and the service performed by railways for the various express companies.

CONDITIONS OF RAILWAY EXPRESS SERVICE.

These companies have space allotted to them, under contract, on most of the railroad passenger or express trains of the country; but this space—be it car or compartment—is not warmed or lighted by the railroads, and if fitted up at all, is supplied only with the rudest of fixtures and no conveniences. The space contracted for is also invariably paid for, whether used or not—the messengers or express agents, in some instances, being carried free as a part of the contract, and in others, paid for at first class passenger fares; and yet the difference between the payments made by the Express Companies for their railway service and the maximum proposed pay of the Post-Office Department for its postal service is so astounding, as to irresistibly lead to the conclusion that either the prices charged by the railroads all over the country to the Express Companies are in the highest degree extortionate and unreasonable, or else the Post-office Department, while complaining of extortion and monopoly, has really been paying the railroads for its postal service a price altogether disproportionate to the actual expenditure which the performance of the service has entailed.

Thus the express companies pay 50 cents per car per mile on the New York Central; 57½ cents New York & Boston via New Haven & Hartford; 63 cents Boston & Albany; 71 cents New York & Philadelphia, and 75 cents New Jersey Central. If the

car space contracted for by the express companies is not filled, there is no abatement of price; but if the space agreed upon is occasionally insufficient to carry all that the express desires to transport, the privilege is granted of carrying the excess in the ordinary baggage car by paying for the same *double the rates charged for first class freights, which, between New York and Philadelphia, is 66 cents per car per mile.*

On the other hand, the Post-office Department actually insists that a corresponding service, with the addition of equipping, warming and lighting the cars, and the carrying of numerous clerks and agents, shall be rendered it by the railroads at an average rate of compensation of from 12 to 19 cents per car per mile.

On the Connecticut River Railroad the express and the mail are carried in one and the same car—the express occupying an apartment six feet in length, and the Post-office one measuring 21 feet in length. The express has one agent riding free, who has no fire, no light at night other than what his own lantern or the lantern of the baggage master furnishes him, and no conveniences of any kind. The postal apartment, on the contrary, is fitted up with every convenience that can be asked for, and carries always one, and half the time, two clerks. For such services the express company is perfectly satisfied to pay the railroad \$12,900 per annum; while the Post-office makes its own award of \$7,500, or estimating the service in both cases as if performed in cars 30 feet in length, the express pays \$1.03 per car per mile, and the Post-office 15 cents per car per mile; but if from the annual mail service compensation of \$7,500 the road should deduct the fare of the Post-office clerks (saying nothing of the special agents), estimated at the low rate of one cent per mile ($2\frac{1}{2}$ to 3 being the average of passenger fares in the United States), the amount paid would be reduced to \$6,561, or $10\frac{1}{2}$ cents per mile for 21 feet of car accommodation.

To convey more clearly the meaning of the statement that the mail is carried by the car load in postal cars on the Connecticut River Railroad at 15 cents per mile, we quote the following extract of the testimony of the President of that road as given to the Committee of the Senate:

“I want you to endeavor to realize an apartment 23 feet long in the cars of our trains, fitted up in elegant fashion, with every

convenience that the Department can ask for, with two messengers in the train, starting out from the city of Springfield to make a run of fifty miles for \$5, and consider how much a railroad company must lose by every such trip performed. Carrying these men and furnishing this amount of car room, and receive for going up the road \$5, and for coming back again \$5, and going up the second time \$5, and coming back \$5, making \$20 for the day's work, for the car's service. I think if you will look at it in that light you will have a realizing sense of what the railroad men mean when they talk about carrying the mail by the car load for 15 cents per mile."

To this testimony should also be added the statement, that the tariff prescribed by railroads for transporting for other roads empty freight cars as freight on their own wheels, in connection with slow trains, and at the convenience of the transporters, is 15 to 25 cents per mile.

CERTAIN CURIOUS FACTS TOUCHING THE CHARGE OF "EXTORTION" AND "MONOPOLY."

There were certain other very curious facts brought out, as it were incidentally, in the course of this examination by the Senate Committee, which have an important bearing on the question of extortion and monopoly.

Thus, it was shown that the average cost of moving a postal car in connection with an average passenger train on such a popular and economically managed road as the New York and New Haven, is 28 cents per mile, or 13 cents per car per mile *more* than the company receives in the way of compensation under the new act from the Government for the transportation of such car, irrespective of the cost of its original construction, warming, and lighting, and free carriage of post-office employés.

It was also in evidence, that while the Post-office Department, as one branch of the Federal Government, had required the railroad lines to build expensive postal cars "for nothing, run them for nothing, and wear them out for nothing," another department of the same Government took, previous to 1868, from the same companies, a manufacturers' tax under the Internal Revenue laws, of \$300 for each and every such car constructed and used for postal service exclusively.

Again, while compensation for postal car service equal to that derived from the carrying of first class freight has been denied by

the Government to the railroads, the Post-office department is using the property of these same roads, without compensation, to do a species of freight business, and charging for the same a rate so disproportionate to the average railroad charge for similar service as to entail in itself an enormous and unreasonable profit. Thus, in addition to large quantities of samples of merchandise and small goods now sent through the mails, there is daily sent from New York by rail, under the auspices of the Post-office, large quantities of printed matter, made up in strong bundles, which, corresponding in no respect to letters in value, may properly be designated as freight. For the transport of these packages (when newspapers) between New York and Philadelphia, the forwarders pay to the Post-office Department \$3.50 per 100 pounds, or \$60 per net ton—while the charge for the same, if carried by the railroads as first class freight, would be only \$6.00 per ton. The Government, therefore, while having this peculiar work performed for it in reality for nothing—railroad post-office service obviously being the transport of mails and not merchandise—charges for the same a rate ten times greater than the average railroad freight tariff; and at the same time deprives the railroads of a certain revenue from freight to which as common carriers they would seem to be justly entitled.

DISCREPANCIES IN GOVERNMENT PAYMENTS FOR RAILWAY MAIL SERVICE.

Attention is also asked to the very great discrepancies that occur in the remuneration given by the Government to various railroads for the mail service performed by them. Thus, on such an important road as between New York and Philadelphia, or between Philadelphia and Baltimore, where, by nature of the traffic, the train movements are very frequent, the compensation for the service performed for the Post-office is very much less than would seem from a superficial examination. Thus, the testimony of Mr. Hinckley shows that in 1872 his road, the Philadelphia, Wilmington & Baltimore, carried for the Post-office Department an equivalent (adopting a 30 foot car as a standard) of 292,000 cars a distance of one mile for a nominal compensation of \$37,500; while the regular fare of the Post-office clerks (special agents excepted), carried free during the same time in the postal cars, if paid,

would have amounted to \$17,000. The actual compensation given to the road for its mail service, which is done exclusively in postal cars, was, therefore, in reality, but \$20,500 per annum, or a fraction over *seven* cents per mile ; or eight cents per mile less than the same road receives for transporting new freight cars, empty, on the way from the manufacturer to the purchaser.

Again, railroad companies which do not run postal cars, but carry the mails chiefly in baggage cars, are paid most disproportionately high for their service as compared with the compensation awarded to the roads which perform the bulk of the postal car service. Thus, while the New Jersey Railroad, Boston & Albany, Philadelphia, Wilmington & Baltimore, and Pennsylvania Central are paid, under the new law, from 12 to 19 cents per 30 foot car per mile, the President of the Baltimore Central Railroad testified, through letter, to the Senate Committee, that the mail service compensation given by the Post-office Department to his road, was 49.6 cents per car per mile ; and in respect to the New Jersey Central Railroad, which runs no postal cars, the Superintendent, Mr. Ricker, also testified that the mail service compensation received by them was equivalent to 30.27 cents per car per mile.

Some of the most interesting and scientific testimony submitted to the Senate Committee was that given by Mr. Hinckley, which conclusively establishes the fact that an additional car not only adds its proportional expenses to the other cars in the train, but very often entails an immense additional expense on the whole train altogether disproportionate to the ordinary average. For example, it was proven that while ten cars in a train from Gray's Ferry to Washington could be drawn by a single locomotive, the *eleventh* car, should the track be slippery, would entail the necessity of an extra engine, and that such a contingency, furthermore, does often occur on a road so frequented as that between Philadelphia and Washington. How, then, is it possible or fair to try to assimilate and measure by a common standard the service performed by a postal car with the service performed by a common freight car, when the one has to be moved, regardless of weather, in connection with crowded trains, and run on time, which, if not punctually made, subjects the companies to a fine, while a freight car can be unceremoniously moved on to a side track to wait the reasonable convenience of the companies ?

THE RELATIONS OF SPACE AND WEIGHT.

Two other elements in this controversy, which have doubtless served to complicate somewhat the questions at issue, are *space and weight*. But there is no difficulty in arriving at a clear understanding of their relations in respect to the postal car service. Thus, a postal car weighing 36,000 pounds has space and convenience for carrying from 20,000 pounds to 25,000 pounds of mail matter. Now, this space being furnished, always ready and never encroached upon, it is not reasonable for the Post-office Department to say to the companies, "We only put 5,000 pounds, or 2,000 pounds in your cars instead of 25,000 pounds, and, making weight, not space, the standard for estimating service, we will pay you accordingly." The companies do not object to having the postal cars loaded to their full capacity, as is done in exceptional cases; but so long as the Department insists that the companies shall provide, equip and haul a ponderous fifty foot postal car, even though its contents weigh *less than one thousand pounds*, it is clear that the space provided and monopolized should be the basis for compensation, and not the insignificant weight put into it.

THE FREE TRANSPORTATION OF POST-OFFICE OFFICIALS.

In like manner the question of the transportation of Post-office officials by railroads performing mail service is one about which there ought not to be any difficulty in comprehension and settlement. The transport of clerks in sufficient numbers to distribute the mails is an essential adjunct of the postal car service, and as such ought to be provided for in the contract entered into for the performance of such service, as much as any other element involving expenditure and remuneration; and if the distributing clerks are to be carried free, or at merely nominal rates of fare, it certainly cannot be considered as unreasonable for the railroad companies to ask that they should either be exempted from liability to such clerks in the case of accidents, or be allowed an amount from the Department sufficient to protect themselves from such liability by insurance policies or otherwise. To demand, on the other hand, of the railroads free transportation for persons connected with the Post-office Department, but who are not immediately connected with and

necessary to the work of handling and distributing the mails while in transport, or for persons who have no other than a nominal connection with the Post-office, is something so utterly unworthy of a great Government, and so closely akin to what is generally designated as "sponging," that there can be no legitimate argument for its justification or continuance. It is, in short, a matter for which all who are in any way responsible, be they heads of departments or otherwise, ought to be thoroughly ashamed; and the proposition which the railroads have made for the future—namely, that they will carry all whom the Post-office Department may designate as its agents, whether clerks of the Executive of the United States, heads of bureaus, U. S. Commissioners, Treasury architects or local Postmasters, *for two thirds the regular fare of first class passengers*—is in the highest degree liberal and noteworthy.

Conversing with one of the highest officials of the British Post-office on this subject during the past summer, the complaint of the American railroad companies was referred to, and the question put as to what official persons were allowed free travel upon British railroads performing mail service. The answer promptly was, "None, except those directly and necessarily in charge of the mails as guards or distributors; district agents (corresponding to our route or special agents), even, being required to pay their fare (first class being allowed), and charge the same to the Department. And," continued the respondent, with an ill concealed surprise that a different state of things should exist elsewhere, "I am Inspector General of Mails for the United Kingdom, and as such I have had sent to me annual passes from all the roads performing mail service (producing at the same time a bundle of tickets), and when actually performing railway mail inspection service have no objection to using them; but in journeying daily between my residence at the line of —— Railway and the London Post-office, a distance of 18 miles, I should regard it in the light of plundering and stealing for me to use my official pass granted by such railroads; and I therefore buy my commutation season ticket (at the same time producing it), the same as any other person, and use no other." Here then was an example of purity in civil service, wholly independent of rules and regulations, which, it is safe to say, has

not a single parallel under the Federal Government,* but which, from its bearing on the special grievance of the railroads under consideration, is not a little suggestive.

THE ANSWER OF THE POST-OFFICE DEPARTMENT TO THE CLAIMS AND EVIDENCE OF THE RAILROAD MANAGERS.

In answer to the claims and evidence submitted by the railroad managers, the Post-office Department, through its representative, Mr. Davis, Assistant Superintendent Railway Mail Service (who appeared before the Senate Committee) *and otherwise*, makes rejoinder to the effect:

1st.—That its power to increase the compensation paid for mail service is limited by law, and that in the cases where the grievances are alleged to be especially great, the maximum of compensation allowed by Congress was years ago given by the Department.

2d.—That a proposition to increase the compensation for mail service, in accordance with the demands of the railroads, would, if recommended by the Department, meet with no favor from Congress. And

3d.—That however it may have once been, the amount and degree of compensation prescribed by the law of March, 1873, are in all respects reasonable and sufficient, and that to do more, would be out of proportion to the receipts of the Department, and indefinitely postpone the day when it can be made self-sustaining.

Of the relevancy of these several propositions to the merits of the case, that of the first two it must be admitted, is not readily obvious. If the power to award adequate and reasonable compensation for the performance of mail service is not vested in the Post-office Department, a similar plea cannot avail in respect to Congress; and if service is to be required by the Federal Government, the obligation on Congress to make suitable compensation for the same is made imperative by the clause of the Constitution which provides that private property shall not be confiscated for public uses.

If, on the other hand, the "poverty plea" be put forward

*In Massachusetts, it is understood that the members of the Railway Commission, by resolution, never use the official railroad passes granted them for any other than exclusively official business.

that the Department desires to make itself self-sustaining, and that its revenues under the requirement for cheap postage will not admit of the payment of any greater compensation for mail service, the answer is, that this plea no ways impairs the constitutional obligation to pay justly, and that if it did, there is no good reason why one class of service should be arbitrarily selected to bear the whole burden of the Government poverty and necessity and all others be exempted.*

* "Before the days of railroads, when the United States mails were transported on horseback, in stage coaches, and in steamboats, the Government of the United States and the Post-office Department never established the rate which should be the limit of compensation for doing this service. They dealt with people engaged in the transportation of the mails precisely as the Government now, in all its Departments, deals with everybody else except the railroad companies. I do not think, so far as I am informed, that there is any other service, of any nature whatever, performed by the United States Government at prices which the Government itself establishes, and beyond which it does not go, except in the way of salaries to its officers. The War Department, if it purchases anything, is supposed to pay the cost of the article, with a reasonable profit; the Navy Department in the same way; all other branches of the Government in the same way. We are hardly able to see why this one class of business performed by the General Government should be selected as the only class of business which should be done for the Government at a loss. I say for our corporation, that we do not ask or expect to obtain, and do not wish to obtain from the Government an exorbitant price for doing this or any other business, if they want us to do it. But we do think that we are entitled to a fair and reasonable compensation for the service rendered, and if the Government is not able to pay for the amount of service which they require, a sum which is equal to a reasonable compensation, it is hardly just or equitable that that inability upon their part should be charged upon the railroads for the purpose of putting the railroads in a position of hostility to the people. That is the argument which is used by the Post-office Department in its dealing with the railroad corporations. They select us out from every other class of business, and they acknowledge to us that they do not pay us a reasonable compensation. They say they cannot afford to pay us a reasonable compensation, because the Post-office Department then would not pay its running expenses. If we demur, for the purpose of obtaining a reasonable compensation, then they say the people will compel us to do it."—*Testimony of W. D. Bishop, Pres. N. Y., N. H., H. R. R.*

"For twenty years I have heard the matter of payment for mail service talked about. During the entire period each Postmaster General that has held office has made one excuse or urged one reason why he could not recommend to Congress the making of a greater allowance for this service, even although many of them admitted that the pay was too small. That excuse or reason was that they wanted to make the Department "self-sustaining." I have heard that particular expression used as a technical term at least a dozen times. I said, also, that we had always recognized the implied or constructive obligation under which we were, as a railroad company, to perform this mail service.

It has always appeared plain to me, however, that whatever that obligation might be, this desire to make the Department "self-sustaining" is not an item that should enter into the consideration of the subject in the slightest degree.

A reduction in postage has been made twice during the period of which I spoke, and it is only necessary to say that upon this principle of "self-sustaining," if postage were made absolutely free we should have to carry mails for nothing. The only question to settle is, what we ought to have, either to make such profit as it may be admitted we should make, or else to pay the cost of this transportation if we should not be permitted to make any profit. That being ascertained, the amount of pay that it involves should be given, even if it should require provision by general appropriations to be made for three quarters of the expenses of the Post-office Department."—*Testimony of E. D. Worcester, Treas. N. Y. Central.*

But besides these propositions of a general nature, certain others carrying figures with them have been brought forward by the Post-office Department, which demand serious consideration and refutation.

Thus, Mr. Davis, Assistant Superintendent Railway Mail Service, stated before the Senate Committee, that Mr. Randall, when Postmaster General in 1868, showed, that if a scale of compensation embodied in a new law proposed by the railroad managers in that year had been adopted, *it would have carried up the annual cost of railway mail service from \$3,812,600, its amount on the 30th of June, 1867, to \$21,710,023; while a proportionate increase of the cost at the end of the last fiscal year, 30th of June, 1872, would carry up the amount from \$6,502,771 to more than \$37,000,000 per annum for the single item of railroad mail transportation, an excess of thirty and a half millions over its present cost.*

Looking, however, at the whole matter as thus presented dispassionately, and without any desire to make out a case either one way or the other, it is extremely difficult to discover upon what data such an extraordinary statement as this of Mr. Davis can be predicated, inasmuch as it must be evident that if an annual expenditure of \$6,502,771 represents a present average outlay of $16\frac{1}{2}$ cents per mile per postal car, an expenditure of \$37,000,000 would give some 95 cents per mile per postal car—when 39 cents is all that is demanded, and that only on such lines of road as require postal cars, and not for those lines (comprising three-fourths of the service) where the mails are carried in baggage cars, and where no postal cars are considered requisite. Indeed, it is questionable whether the increase, fairly, justly and discriminately made, could in reality amount to \$2,000,000 over the present of six and a half millions per annum.*

* On the 30th of June, 1873, the aggregate length of the railroads in the United States, over which the mails are transported, was 63,457 miles; of steam-boat routes 16,762 miles; and of other routes 175,991 miles, making a total of 256,210 miles, and an annual transportation of 119,909,650 miles. At the same date the number of railway post-office lines in operation was 59; extending over 14,866 miles of railroad and steamboat routes, and performing a service equivalent in all to 17,462 miles each way daily, or 6,373,630 miles per annum, no allowance being made for Sunday suspensions.

The ratio which the postal car service, measured in miles, sustains to the entire mail service, upon all routes, is therefore comparatively insignificant; and the hypothesis that an increase of compensation to the former, necessarily entails an increase for the whole service, and so swells the expenses of the Department to an enormous figure, becomes on the mere statement too absurd for serious consideration.

But the most important rebutting argument brought forward by the Post-office Department in answer to the claims and evidence of the railroad managers, is, however, comprised in a comparative freight table, made up by Mr. Davis, and submitted to the Senate Committee by Mr. J. W. Marshall, first Assistant, and at that time Acting Postmaster General. The object of this table (which, with the accompanying explanation, is printed in full in the Appendix to this review) is to compare the compensation received by the railroads for transporting the mail in postal cars from New York to Chicago, *via* Philadelphia and Pittsburg, with the charges by the same roads for the transportation of first class freight between the same termini, and to thereby prove the following propositions:

That the railroads "for the amount of car space per annum at present in use for mail service between New York and Chicago, would receive, at the rate paid for first class freight, allowing 10,000 pounds to a 30 foot car, the sum of \$221,290 48, while their actual pay for mail service is \$307,350—an excess of \$86,059 52. For the amount of car space per annum estimated to be necessary over the whole line in case of extending to Pittsburg and Chicago the double daily railway post-office service now in operation between New York and Philadelphia, the companies would receive, at the rate for first-class freight, \$316,788,09. Their mail pay for the same amount of car space, estimating the weight of the mails at the amounts shown in the last returns, will be under the law of March, 1873, \$411,813—an excess of \$95,024 91 over the rate for first class freight."

It is also claimed that at the rate demanded by the companies (13 mills per linear foot of car space per mile run) their aggregate annual pay for a double daily railway post office service between New York and Chicago would be "more than 182 per cent. over and above the freight charge for the same amount of space."

By reference now to the full table in question (see Appendix), of which an abstract only of the main points are above given, it will be seen that it starts with a comparison of "*Postal Car Service*" with *first class freight service*, a comparison opposed to all reason and justice, inasmuch as it has already been shown that first or second-class freight is never carried in connection with passenger or express trains; while postal cars are never

connected or move with freight trains. This single consideration, therefore, ought of itself to be sufficient to fully destroy Mr. Davis's argument and comparison. But as it is the exact truth, and not merely a technical vindication that is to be sought for, it is desirable, for the sake of argument, to give full consideration to the tables of Mr. Davis, and to demonstrate the fatal and radical error into which he has fallen.

Thus Mr. Davis at the outset remarks that, among the items of first class freight "are empty barrels, empty trunks, coffins, corks, hair in sacks, moss in sacks, palm leaves, paper-hangings, rattan, umbrellas, wagon felloes and wooden ware"—all which articles indicate that first-class freight is of light weight compared with its bulk—"so that it must be fair to assume that an average load of first class freight for an 8 wheel car 30 feet long will not exceed 10,000 pounds in weight."

Now, in reply to this it is to be said, *First*, that it is somewhat strange that Mr. Davis should include in his list of light freight *four* articles—rattan, umbrellas, paper hangings and wooden ware in nests, all of which are heavy in respect to bulk,* while the other articles named, if carried at all, will not constitute over *one* per cent. in weight of the general average of first class freight, moved by what are termed "*fast freight*" lines; the greater proportion of such freight being dry goods in boxes, cases and bales; liquors, boots and shoes, ready made clothing, paper, paints, fine salt, finished monuments, stoves, stove fixtures, plate-glass, steam boilers, and the like.

As stated, also, to the Committee by Mr. Kneass, of the Pennsylvania Central, it is a fundamental axiom in railway economy that it is necessary "for the successful management of railway transportation, that the full capacity of the motive power and rolling stock should be utilized, or otherwise, the great loss incident to lightly loaded trains would soon impoverish a company."

But the carrying capacity of a freight car in weight is proportioned to the weight of the car; and a 30 foot car, weighing 20,000 lbs. can easily carry 20,000 lbs. in weight. Mr. Worcester, of the New York Central, expressly states in his testi-

* The weight of a case of paper hangings—not bulky—is from 200 to 250 lbs. Rattans are, in bulk, quite heavy. A case of 100 umbrellas will weigh 150 lbs., while woodenware in nests is unusually heavy as compared with bulk.

mony before the Senate Committee, "that in an ordinary freight train there is a ton of car hauled to each ton of actual load." It is, therefore, entirely unwarranted to assume an average load of only 10,000 lbs. to a 30 foot car, weighing nearly 20,000 lbs.; and if the Post-office officials, who desire to vindicate the equity of the present scale of postal car service payments had personally inquired into the matter, they would have ascertained that 16,000 lbs., and not 10,000 lbs., is the lowest general average weight of freight carried by a freight car of the weight as above mentioned. In fact, upon the Pennsylvania Central the average load of its freight cars—constructed to carry safely 24,000 lbs.—is never less than 18,000 lbs.; and although many light articles are undoubtedly sent on every freight train, yet every practical railroad man knows that in loading such trains on every road the light and heavy articles are so distributed as to secure to each car at least the minimum load of from 16,000 to 18,000 lbs.

It accordingly follows, that the elaborate tables and calculations which Mr. Davis has submitted, and upon which the Department appears to rely in order to substantiate its position, are underestimated by at least 60 per cent.; or if the actual working of the Pennsylvania Central is taken as the basis, the underestimate is increased to over 80 per cent.

Now, with this correction, the truth of which is readily ascertainable, Mr. Davis' comparison of the compensation afforded to the railroads by the movement of first class freight, with that made by the Department for postal car service, would result as follows :

Terminal Divisions.	Pay under the new law for Postal Cars.	First class Freight charges for same amount of space, according to Mr. Davis.	Add 60 per cent. underestimate by Mr. Davis; the carrying capacity of freight cars being 16,000 lbs. instead of 10,000, lbs. per car.
1st. New York to Philadelphia.....	\$42,075 00	\$38,694 60	\$61,911 36
2d. Philadelphia to Pittsburg.....	200,718 00	131,644 24	210,630 76
3. Pittsburg to Chicago.....	169,020 00	146,449 25	234,318 80
Total.....	\$411,813 00	\$316,788 09	\$506,860 92

Thus, then, it will be seen by a single glance, that even if the untenable comparison between the service performed by a postal

car on a fast passenger train, and a freight car incorporated with a freight train be allowed, the result of paying for the present postal car service between New York and Chicago, according to the average established tariff for transporting first class freight exclusively by freight trains (16,000 lbs. per car being taken as the minimum basis), would be to give the railroads \$506,860.92 compensation per annum instead of \$316,788, according to Mr. Davis, or \$95,047 more than they receive under the new law of 1873, prescribing their compensation for postal service ; thus conclusively demonstrating the truth of the statement put forth in the outset by the railway managers that the compensation paid them by the Post-office Department for their postal service is actual very much less than they would be entitled to receive for the appropriation and use of a corresponding car space for the carriage of first class freight. And as a further confirmation of this statement, attention is particularly called to the fact that the Pennsylvania Central Railroad have submitted to the Senate Committee through its Assistant President (Mr. Kneass) documentary evidence (see Appendix) proving, that on the route between New York and Philadelphia (comparing equal car space occupied and miles run) the Post-office Department, under the present law, only pays \$42,075 for a service which, if performed for the general public in ordinary freight cars, would return \$194,147 ; and that at the present time the postal service between New York and Philadelphia, and Philadelphia and Pittsburg, as performed by the Pennsylvania Central Railroad, entails an actual loss upon the Company of \$157,238 per annum.

WHAT WOULD BE REASONABLE AND JUST COMPENSATION FOR POSTAL CAR SERVICE ?

The inadequacy and unreasonableness of the present rate of payment for postal car service being thus established by the Department's own showing, it is important to next state the compensation and conditions which, in the opinion of the railroad managers, would be just and reasonable, as well as the compensation and conditions under which similar service is performed in Great Britain and Canada.

The propositions which the representatives of the several railroads, parties to this controversy, after careful deliberation,

and with an earnest desire for agreement with the Post-office, concurred in, and subsequently submitted through the Senate Committee to the judgment of Congress and the public, are as follows:

"The railroad companies will furnish the cars and portions of cars required by the Post-office Department, of the same class as heretofore furnished by them, lighted and warmed by the railroad companies, and carrying a minimum of one Post-office clerk on each trip, and a maximum of one clerk to every ten linear feet of car. But, as these clerks are carried free of charge, the railroad companies must be protected, by accident insurance policies or otherwise against any and all claims of damage in case of accidents happening to them.

"The load shall not exceed seven and a half tons to a 30 foot car, or five hundred pounds per linear foot of car, as a measure of precaution due to passengers on the same trains with the mails.

"Post-office agents in passenger cars will be carried at two thirds regular fare.

"The duty of the railroad companies as mail carriers shall commence and cease with the receipt and the delivery of the mails at their stations.

"If the railroad companies be paid by drafts upon postmasters, a commission to be allowed the railroad companies to cover cost and risk of collection.

"The service, with these conditions, to be performed for thirteen mills per linear foot of car per mile run, which shall be in full for the whole mail service as set forth.*

"These rates do not exceed two thirds of the rates paid us by the public for freight and fares on mail trains.

"And inasmuch as our expenses for operating our several roads average fully two thirds of our gross receipts, it follows that if we carried our passengers and freight generally at the rates here offered to the Post-office Department, neither our stockholders nor bondholders would receive any compensation for the use of their capital invested."

CONDITIONS AND COMPENSATION OF POSTAL CAR SERVICE IN GREAT BRITAIN AND CANADA.

To aid now in the formation of an opinion as to the reasonableness of the above propositions, submitted by the railroad managers, attention is next asked to the conditions under which

* Thirteen (13) mills per linear foot of car per mile run is understood to be equivalent to 39 cents per mile per postal car 30 feet long, constructed and equipped according to the wishes of the Department, warmed and lighted, and carrying such numbers of Post-office employés as may be required by the service.

postal car service and mail transportation generally is performed by the railways of Great Britain.

The mileage of the several railway trains conveying mails in Great Britain was reported to Parliament in 1866 at 60,000 miles daily.

The rate of compensation paid by the Government to British railways for mail service varies greatly according to circumstances—on none of its principal roads (as per table submitted to Parliament in 1866) being less than *two* shillings per mile (44½ cents), and rising in some instances as high as 4s. 6d. (99½ cents) per mile (as between Cork and Dublin). *The rate at present given to American railways performing postal car service, it will be remembered, ranges from 12 to 19 cents per mile, and the compensation asked for is 39 cents per mile.* In its contracts with the railways the British Post-office does not condition itself in respect to the number and weight of the bags or parcels it may send by the stipulated or ordinary trains. At the time, however, that the table above referred to was submitted, the Inspector General of mails, in answer to a question by a committee of Parliament, stated, that the rates of charges named were for the conveyance of mails by trains that also carried a considerable amount of passenger and parcels traffic; and that, to the best of his recollection, in only one case—the line between Preston and Liverpool—was more than a whole carriage required by the Post-office; there being beside a sorting carriage or van for mail bags. As will be shown hereafter, the dimensions of the “sorting” Post-office carriages on the principal British mail route are less than one half the dimensions of the average American postal car.

On the Southeastern Railway—a line of road 76 miles in length, extending from London to Dover, and corresponding by conveyance of the Continental mail in the importance and character of its service, with the direct railway lines between New York and Washington—the rate originally paid by contract for the trains not stopping at intermediate stations was three shillings per mile (66.3 cents), no limitations being imposed on the weight of the bags or the quantity to be conveyed for the Post-office by the trains in question. At the expiration of this contract the compensation for the entire service—consisting of the transportation of mails by three daily trains each way between London and Dover

(76 miles), *five* out of the *six* trains not stopping at intermediate stations, and the use of ordinary passenger and goods trains by the Post-office if required---was compounded for a fixed sum (regarded as an equivalent to former price) of £24,000 (\$120,000) per annum. On the other hand, the Philadelphia, Wilmington and Baltimore Railroad, running the equivalent of more than four mail trains per day each way, and providing, equipping and hauling postal cars 48 feet in length, or postal compartments in connection therewith, receives under the present law 16 cents per mile, or \$46,000 per annum.

In 1866 the trains on the Midland Railroad (another of the leading railroads of Great Britain) made use of by the Post-office Department for mail transportation, had a mileage of 1,504,828 miles, and received for the same a fixed compensation of £44,600 (\$223,000). In 1872 the Philadelphia, Wilmington and Baltimore had a mileage, subject to the use of the Post-office, of about 1,125,000 miles, and received as compensation \$37,500.

The average dimensions of the postal cars on the British railways are 22 feet outside length, 7 feet width, 7 feet $9\frac{3}{4}$ inches high. The dimensions of the postal cars required by the United States Post-office Department, are from 40 to 52 feet in length and nine feet in width; and notice that cars 60 feet in length will be required in future has also been given.

Post-office employés, travelling free on the British railroads, in immediate connection with the mails, cannot hold the railway companies responsible for accidents. No person connected with the British Post-office travels free on British railways, except clerks and guards actually in charge of the mails.

British railroads conveying the mails are not required to transport the mails to and from the post-offices and railway stations, but the railway postal service begins and ends at the railway termini.

In case of any disagreement between the Post-office Department and the British railways, in respect to compensation to be paid by the former to the latter for mail transportation, the same is by law required to be referred to the arbitration of two persons, one to be named by the Postmaster General and one by the railway company; and if such two cannot agree, they are authorized to choose an umpire. In the event of further

disputation, or change of circumstances, the railway companies are allowed the privilege, once in three years, of reopening the arbitration.

CANADA.—In Canada the compensation paid the Grand Trunk Railroad by the Dominion Post-office Department for mail transportation, is \$150 per mile per annum—one mail each way, and on some portions of the line, a second mail daily.

CONCLUSION.

I have thus endeavored to make a clear and succinct analysis and review of the evidence relating to this controversy as was presented to the Committee of the United States Senate, with such other facts obtained from the British Post-office, the leading railway officials of Great Britain, and other sources as have seemed pertinent to the subject. To attempt to establish or define what would be in all respects an equitable rate of compensation for the performance of such postal car service as the Post-office Department and the necessities of the business interests of the country alike require of the railroads of the United States, has not been regarded as a province of this examination; but, nevertheless, with a hope of assisting to such a determination, the following general conclusions, based on a careful and unbiased examination of the whole subject, are submitted for consideration.

First. The Federal Government is required by the Constitution to make just compensation for private property of every description taken for public uses. Involuntary service, on the other hand, in time of peace, cannot be exacted under any conditions, except as a punishment for crime. Corporations chartered by the States are under obligations to render to the public, as a condition of their existence, reasonably and efficiently, those services for which they were created; but, in respect to the demand and use of such services, the rights of the Government are exactly the same as those of the public, no more, and no less. Obligation to service on the part of a railroad corporation to the public, implies, in the absence of any express stipulation in the act of incorporation to the contrary, obligation on the part of the recipient of such service to make adequate compensation for the same to the railroad. The laborer is worthy

of his hire, be his employer a private citizen or a powerful government.

Second. A postal car is not a freight car; and the service performed by the two respectively differs in the same degree as does the occupancy and use of a common warehouse in a cheap quarter of a town and the occupation and use of a first class private residence in a first class neighborhood.

Third. A postal car and the service required of it is as near as possible an express car, *plus* the more expensive construction and equipment, the lighting and warming, and the free carrying of post-office clerks. The main elements for making an equitable adjustment of compensation for postal car service, ought, therefore, to be the car space occupied or required, and the average rate of compensation paid to the railroads by the Express companies for the only service that compares with the postal car service. But, inasmuch as the Post-office is managed for the public, irrespective of any considerations of profit, and, as its business is vastly larger than that of the Express companies, more secure, and includes a uniform employment all the year round, the Government is entitled to have its work performed by the railroads at cheaper rates than are given to the Express or any private persons, companies or corporations.

Fourth.—The compensation at present paid by the Post-office Department for the postal car service, pure and simple, is entirely inadequate, measured either by the standard of compensation charged by the railroads to the Express companies, or, what is still more important, by the actual cost incurred by the railroads in discharging the service in question. On the other hand the compensation given to railroads for carrying mail matter in bags and not in postal cars is fair, and on many lines highly remunerative, inasmuch as such a service does not entail the use of extra and special cars, extra heating and lighting, nor the regular transport of employés free of expense.

Fifth.—The tables presented by the Post-office Department, through its Assistant, Mr. Davis, abundantly prove, when properly corrected as to weights, that the present compensation for postal car service is very considerably less than what the railroads now receive for a corresponding movement of first class freight.

If these conclusions and the accompanying analysis of evi-

dence be correct—and no one, it is believed, will impugn their accuracy—there ought not then to be any occasion for serious controversy between the Post-office Department and the railways; for the reason that all that the latter demand is simple justice and fair treatment. And if it cannot be determined by mutual concession and agreement what justice is, *the railroad managers are willing that the question should be referred*, as is the practice in similar cases in Great Britain and Canada, to *impartial arbitration, or to the decision of a jury impaneled in any United States District or Circuit Court, or to any tribunal of properly appointed commissioners or experts, and will pledge themselves in advance to abide by the decision arrived at by any of these agencies*—a fact which in itself is the most complete answer and refutation of any charge of monopoly or extortion that may have been preferred against them. And if the Federal Government, under the permissive clause of the Constitution, is to enter, as has been proposed, on any system of regulating commerce between the States effected through the instrumentality of railways, it can ill afford to establish any preliminary precedents of action, which are not in the fullest accord with the recognized principles of justice and equity.

I am,

Yours most respectfully,

DAVID A. WELLS.

JANUARY, 1874.

APPENDIX.

DOCUMENTS SUBMITTED BY POSTMASTER GENERAL.

POST-OFFICE DEPARTMENT,
Washington, D. C., April 22, 1873.

DEAR SIR: I send herewith, for the use of your committee, in compliance with your verbal request, a copy of the statement made up by our Mr. Davis, comparing the mail pay with the charge for first class freight between New York and Chicago.

Very respectfully and truly yours,

J. W. MARSHALL,
Acting Postmaster General.

Hon. WILLIAM WINDOM,
Chairman Select Committee on Transportation Routes to the Seaboard.

Mail pay, compared with the charge for first class freight between New York and Chicago.

The following table represents the mail pay on the line from New York, *via* Philadelphia and Pittsburg, to Chicago, as it exists at present, under the old law of 1845, and as it will be under the new law of 1873, supposing the weights of the mails after 30th June, 1873, to be about the same as those shown in the latest returns from the three devisions of the line—say an average per day of 20,000 pounds between New York and Philadelphia; 29,550 pounds between Philadelphia and Pittsburg; and 13,000 pounds between Pittsburg and Chicago:

Division.	Termini.	Miles.	Present Pay.		Pay under new law.	
			Per Mile.	Per Annum.	Per Mile.	Per Annum.
1st ...	New York, Philadelphia....	90	\$375	\$33,750	\$467 50	\$42,075
2d	Philadelphia, Pittsburg.....	354	375	132,750	567 00	*200,718
3d	Pittsburg, Chicago.....	469½	300	140,850	360 00	169,020
	Total.....	913½		\$307,350		411,813

* If two daily lines of railway post-office cars 45 feet long be run.

The rate for first class freight from New York to Chicago, as shown in the freight tariffs of the Blue Line, International Line, and the Empire Line, is \$1.25 per 100 pounds. Among the items of first class freight mentioned in the list published with the tariffs are empty barrels, empty trunks, coffins, corks, hair in sacks, moss in sacks, palm leaves, paper-hangings, rattan, umbrellas, wagon felloes and bows, and wooden ware. These articles indicate that first class freight is of light weight, compared with its bulk, so that it must be fair to assume that an average load of first class freight for an eight wheel car 30 feet long, will not exceed 10,000 pounds in weight. A load of 10,000 pounds transported from New York to Chicago at \$1.25 per 100 pounds, would cost \$125. Dividing this by .30, the length of the car in feet, the rate per linear foot of car space, run through the whole distance, would be $\$4.16\frac{2}{3}$. The distance by the route above described is nine hundred and thirteen and a half miles. Dividing this distance into the cost, the rate per mile per linear foot of car space is 4.6 mills, nearly. The car space used for the mail service between New York and Philadelphia, as stated before the Senate Select Committee on Transportation Routes to the Seaboard, at its session in New York, by Mr. Strickland Kneass, Assistant President of the Pennsylvania Railroad Company, is 282 linear feet per day. This amount is used only on week days—say three hundred and thirteen days per year. The space used on Sundays is 100 linear feet, that is, one run per day each way of a 50 foot railway post-office car—say for fifty-two days in a year. The car space between Philadelphia and Pittsburg, as calculated from the returns furnished to the Department by the company, is 175 linear feet for each week day, and 92 linear feet for each Sunday ; and between Pittsburg and Chicago, 120 linear feet for each week day, and 40 linear feet for each Sunday. For these amounts of space, at 4.6 mills per linear foot per mile run, the cost of the mail service between New York and Philadelphia would be \$429.94 per mile per annum, or \$38,694.60 per annum for ninety miles, an excess of \$4,944.60 over the present mail pay, which is \$33,750 per annum, and a deficiency of \$3,380.40, as compared with the mail pay under the new law, which will be \$42,075 per annum ; between Philadelphia and Pittsburg, \$273.97 per mile per annum, or \$96,985.38 per annum for three hundred and fifty-four miles, a deficiency of \$35,764.62, as compared with the present mail pay, which is \$132,750 per annum, and after allowing \$34,658.86 per annum for 68 feet more of car space for every working day, equivalent to 90 feet for two runs per day of a 45 foot car, less 22 feet for route agent service, to be superseded, a deficiency of \$69,073.76, as compared with the pay under the new law, which will be \$200,718 per annum ; and between Pittsburg and Chicago, $\$182\ 34\frac{4}{5}$ per mile per annum, or \$85,610.50 per annum for four hundred and sixty-nine and a half miles, a deficiency of \$55,239.50, as compared with the present mail pay, which is \$140,850 per annum, and after allowing \$60,838 75 per annum for 90 feet more of car space for every working day, making, with the 120 feet already provided, 210 feet per day, equivalent to a double daily line

each way of 45 foot railway post-office cars, and 30 feet over for space occupied in baggage cars, by mails not accompanied by postal clerks, a deficiency of \$22,570.75, as compared with the pay under the new law, which will be \$169,020 per annum. For the amount of car space per annum at present in use for mail service between New York and Chicago, therefore, the companies would receive, at the rate paid for first class freight, allowing 10,000 pounds to a 30 foot car, the sum of \$221,290.48. Their pay for mail service is \$307,350, an excess of \$86,059.52. For the amount of car space per annum estimated to be necessary over the whole line, in case of extending to Pittsburg and Chicago the double daily railway post-office service now in operation between New York and Philadelphia, the companies would receive, at the first class freight rate, \$316,788.09. Their mail pay for the same amount of car space, estimating the weight of mails at the amounts shown in the last returns, will be, under the new law of 3d March, 1873, \$411,813, an excess of \$95,024.91 over the rate for first class freight. In this comparison no allowance is made for the hauling of empty freight cars on return trips; each 30 foot car, going either way, is estimated to contain 10,000 pounds of first class freight. If freight cars are hauled home empty, then the mail pay will compare still more favorable with the freight charges. These freight charges, moreover, are made by companies who do not own the roads, and who, of course, to make a profit, must pay the railroad companies less than they receive.

The following table exhibits, in one view, the present pay under the old law of 1845, and the pay under the new law of 1873, in comparison with the first class freight charge for the amount of space now used for the mail service, with the amount to be used in case of extending double daily railway post-office service through to Chicago, and with the rate demanded by the railroad companies for the amount of space in each case, according to their modified proposal presented before the Senate Committee at its session in New York City, namely, 13 mills per linear foot per mile run, or 39 cents per mile per car of 30 linear feet.

Divisions.	Termini.	Miles.	Present pay under old law of 1845.		Pay under new law of 1873.		Present linear feet of car space per day.	First class freight charge for same amount of space.
			Per mile.	Per annum.	Per mile.	Per annum.		
1st.	New York... Philadelphia	90	\$375	\$33,750 00	\$467 50	\$42,075 00	282 100	429 94 \$38,694 60
2d..	Philadelphia Pittsburg ...	354	375	132,760 00	567 00	‡200,718 00	175 92	273 97 96,985 38
3d..	Pittsburg ... Chicago.....	469 ¹ ₂	300	140,850 00	360 00	‡169,020 00	120 40	182 34 4-10 85,610 50
				307,350 00		411,813 00		221,290 48

Divisions.	Termini.	Pay demanded for same amount of space, at 13 mills per foot per mile run.		Linear feet of car space required for double daily railway post-office through to Chicago.		First class freight charge for required amount of car space.		Pay demanded for space required, at 13 mills per foot per mile run.	
		Per mile.	Per annum.	*	†	Per mile.	Per annum.	Per mile.	Per annum.
1st	New York ..	\$1,215 05 8-10	\$109,355 22	282	100	\$429 94	\$38,694 60	\$1,215 05 8-10	\$109,355 22
2d	Philadelphia	774 26 7-10	274,090 52	243	92	371 87	181,644 24	1,050 95 9-10	372,039 48
3d	Philadelphia								
	Pittsburg. . .								
	Pittsburg....	515 32	241,942 74	210	40	311 92 6-10	146,449 25	881 53	413,878 39
	Chicago.....								
			625,388 48				316,788 09		895,273 04

* For 313 week days.

† For 52 Sundays.

‡ If two daily lines of railway post-office cars 45 feet long be run.

By this table it will be seen that the rate demanded by the companies (13 mills per linear foot of car space per mile run) would make their aggregate pay for the mail service between New York and Chicago, with the amount of car space now used, \$625,388 44 per annum, against \$221,290 48 of freight charge for the same amount of space, an excess of \$404,097 96 ; and that with the amount of space required in case of extending double daily railway post-office service through to Chicago, their aggregate pay would be \$895,273 04 per annum against \$316,788 09 of freight charge for the same amount of car space, an excess of \$578,484 95, or more than 182 per cent. over and above the freight charge for the same amount of space. This estimate, too, is in the proportion of 4.6 to 13. The freight charge is slightly under 4.6 mills per linear foot per mile run. A charge of 13 mills per linear foot per mile run for a 30 foot car hauled nine hundred and thirteen and one half miles would amount to \$356 26, an excess of \$231 26, or more than 185 per cent. over and above the actual first class freight charge of \$125 between New York and Chicago.

The comparisons made by Mr. Hinckley, of the Philadelphia, Wilmington and Baltimore Railroad Company, before the Senate Committee in New York, were between the mail pay and second class freight charges. But the remarks made by the same gentleman as to the large amount of car space used for mail purposes, compared with the amount of mail matter conveyed justify the conclusion that the lighter articles composing first class freight are fitter subjects for comparison with the mail service than the heavier articles composing second class freights, such as crude antimony, bells, boiler felting, in rolls or bales, boiler flues, copper, brass, brimstone, in boxes or kegs, caloric engines, cast iron grain mills, china ware in casks, hardware, &c. Mr. Hinckley stated before the Committee that the maximum load of second class freight for a 30 foot

car on his road was 15,000 pounds.* The rate for second class freight from New York to Chicago, as shown in the freight tariffs above mentioned, is \$1 10 per 100 pounds. This would give for a car load of 15,000 pounds, \$165, which, divided by the distance, nine hundred and thirteen and one-half miles, and the number of linear feet of car space (30) would give an inconsiderable fraction over 6 mills per linear foot of car space per mile run, less than half the rate demanded by the railroad companies for the mail service, leaving entirely out of view the hauling of empty cars, of which in the transportation of freight there must be a considerable proportion, whereas in the mail service there is none. For the advantage given to the mails by the greater speed at which they are conveyed, the companies are compensated by more rapid earnings.

* The statement here attributed by Mr. Davis to Mr. Hinckley is a mistake, as will appear by the following extract from a note addressed to Hon. W. Windom, Chairman Senate Committee, by Mr. Hinckley, under date of May 22d, immediately after the statement of Mr. Davis was presented to the Committee and made public. Mr. Hinckley says:

"Mr. Davis quotes me as stating that the maximum load of a second class freight car on my road is 15,000 lbs. for a thirty foot car. By referring to my testimony (pages 109, 111, and elsewhere) your Committee will see that Mr. Davis misunderstood my testimony. I gave the maximum load as ten tons, or, say $33\frac{1}{3}$ per cent. more than he assumes that we carry, so that if we overlook the fallacies of his statement generally we find that under the sharpest possible competition second class freight cars loaded pay the railroad companies eight mills per linear foot per mile, even when they are thirty feet long, and more than nine mills when twenty-six feet long; while the railroad companies are asking but thirteen mills per linear foot per mile for postal cars and apartments which cost from twice to four times as much per foot as the freight cars do, are lighted, warmed, etc., by the railroad companies, carry as a minimum one clerk to every ten linear feet, are fitted with "Miller platforms," air-breaks and other passenger car appliances, and are run on passenger trains at three times the speed of the freight trains.

"I do not know of any railroad competition equal to that between New York and Chicago, and consequently the rates upon which Mr. Davis bases his comparison are extremely low and exceptional."

REJOINDER

TO THE STATEMENT OF MR. DAVIS OF THE POST-OFFICE DEPARTMENT, SUBMITTED TO THE SELECT COMMITTEE OF THE SENATE BY STRICKLAND KNEASS, ASSISTANT PRESIDENT PENNSYLVANIA CENTRAL.

PENNSYLVANIA RAILROAD COMPANY, }
President's Office, }
PHILADELPHIA, June 17, 1873. }

Hon. WILLIAM WINDOM,
Chairman Select Committee
on Transportation to Seaboard,
Washington City.

MY DEAR SIR—Having read the paper prepared by Mr. Davis, of the Post-office Department, submitted subsequent to the hearing your Committee was pleased to grant us in New York during April last ; and being surprised at its statements, and the premises upon which they as well as his figures were based, I feel impelled to disabuse the minds of your Committee of any impressions which that document might have created adversely to our interests, and to show you from *practical facts and figures* that the claim which we, as mail carrying companies, have laid before you, is really founded upon mere justice, and is not of the wild, unwarrantable character which the paper of Mr. Davis, if not closely scrutinized, might lead you to believe.

In the first place, the proposition that Mr. Davis has submitted as a basis for his calculations and arguments, is absolutely *without accuracy* ; for in conducting the business of Railroad Transportation it is a pre-requisite that the full capacity of the motive power and rolling stock should be utilized, otherwise, the great loss incident to lightly loaded trains would soon impoverish a company.

Mr. Davis' governing load for a 30 foot car is 10,000 pounds while our load on a 26 foot car is 80 per cent. greater. The freight cars of the Pennsylvania Railroad Company are constructed to carry with safety 24,000 pounds of freight, but our average load, as shown upon all our Freight Schedules, is 18,000 pounds. Yet, Mr. Davis bases his calculation upon a load of only 10,000 pounds, and assumes this, because among the list of articles enumerated on our schedule of first class freight he finds Cork, Hair, Feathers, &c., &c., and decides that a car loaded with such articles cannot contain over 10,000 pounds, laying aside the fact that upon the

same schedule is found Plate Glass, Steam Boilers, Stoves and Stove Plates, Dry Goods in bales and boxes, &c., &c., all of compact form and heavy weight ; and also forgetting, that *practically* in loading a train, the light and heavy articles are so distributed in car and train as to secure to each car at least the minimum load of 18,000 pounds, as before noted. This fact alone is enough to destroy the whole substance of his paper ; but to show its injustice to the Railroad interest, his statements will be followed up *seriatim*, so far as they apply to the Pennsylvania Railroad Company.

This 10,000 pound load leads Mr. Davis into error, when from distance and rate he deduces his rate per car foot per mile, and for the moment accepting his route from New York to Chicago (although our line extends only from New York to Philadelphia, and from Philadelphia to Pittsburgh), it will be found that with our true load (18,000 pounds) and $913\frac{1}{2}$ miles distance, with \$1.25 per hundred rate, and the 30 foot car, the rate per car foot per mile will be $8\frac{3}{10}$ mills, instead of $4\frac{6}{10}$ mills as given in his paper, and at the same time it is unquestionably most unfair to submit rates derived from a run of $913\frac{1}{2}$ miles, and a load 45 per cent. less than is *actually carried at low speed in freight cars*, and compare them in cost to a run of 90 miles at high speed in *first-class passenger coaches*.

But, with your permission, the form of Mr. Davis' paper will be followed, with such figures substituted as will show the facts as they are known to practical railroad men, although for this road the adoption of *thirty feet* as the length of a freight car instead of *twenty-six feet*, operated adversely to our individual interest.

Between Philadelphia and New York 282 feet of car is run for 313 days, and 100 feet for 52 days of the year—which equals 8,411,940 car feet carried one mile per year. Applying to this the long run ($913\frac{1}{2}$ miles) rate of $8\frac{3}{10}$ mills instead of $4\frac{6}{10}$ to our 90 miles of distance, the figures similarly arranged give different results, though far from actual facts as will be hereafter given. From the *freight business* (first class) which would be due the space of car used for postal service on this route, and at this assumed rate this Company would receive \$809.20 per mile per year (instead of \$429.94), and for the 90 miles \$72,829.10 per annum (instead of \$38,694.60) an excess of \$39,079.10 (instead of \$4,944.60) over the present mail pay (\$33,750), and an excess of \$30,754.10 as compared with the mail pay under new law of 1873 (\$42,075).

But *now for facts* as to the route between Philadelphia and New York. Our first class rate is 30 cents per 100 pounds for 90 miles, which for a 30 foot car is 2 cents per car foot per mile, and upon the business of 8,411,940 car feet gives return of nearly \$1,870 per year per mile, or \$168,238.80 for the 90 miles, being an excess of \$134,488.80 over our present mail pay, and \$126,163.80 in excess of the pay as proposed in law of 1873 (\$42,075).

On our main line, which is nearly four times as long as our New Jersey Division, and where our balance of trade is not so favorable, and fewer postal cars are required, the figures do not show the

great excess in freight returns over the proposed, or our claimed mail rates for postal service. Yet the comparison fully sustains the propriety and fairness of our proposition. Between Philadelphia and Pittsburg we have an Eastward rate of 71 cents and a Westward of 55 cents, the *latter* of which will be used for both directions in compiling the following statement, so that a due allowance for the cost of returning empty cars may be made, and thus cover an allusion thereto which has been made by Mr. Davis.

The postal duty on this line, by Mr. Davis' statement, is 175 feet of car each week day, and 92 feet on Sundays, which for 354 miles gives 21,083,886 car feet per mile per year. Again, with a 30 foot car and 55 cents per hundred rate, our revenue would be $9\frac{35}{100}$ mills per car foot per mile, or \$557 (instead of \$273.97) per mile per year, or for the 354 miles \$197,134.33, an *excess* of \$64,384.33 over our *present mail pay*, \$132,750 (instead of a *deficiency* of \$35,764, as given by Mr. Davis). But as additional duty will be required of us in future by the addition of 68 feet more of car feet on week days—as compared with the new pay for mail service, and at same rate as before stated—our freight returns on 28,618,-422 car feet per year would yield \$267,582.24 for the 354 miles, or \$756 per mile per year, being an excess of \$66,864.25 over the mail pay we would receive under new law (\$200,718).

The remark relative to our freight work being done for us “by companies who do not own the road, and who, of course, make a profit,” deserves a passing notice, by saying that the companies so alluded to relieve this Company of a large class of disbursements which would cost, in our extended organization, for conducting transportation and great ramification of offices, a larger amount than it does them, where the supervision is limited, and, consequently, under more control. We, therefore, claim that our net returns from these companies are fully equal to what they would be were the duty performed by ourselves, while we are relieved from great responsibility and charge.

I now beg leave to submit the following tables corresponding to those prepared by Mr. Davis, with such corrections as the facts in the case demand.

TABLE showing old and new mail pay, and freight return from same car space:

Termini.	Miles.	Present Pay under Law of 1845.		Pay under Law of 1873.		Present lineal feet of car space.	Revenue from first class freight, from same amount of space.	
		Per Mile.	Per Year.	Per Mile.	Per Year.		Per Mile.	Per Year.
New York to Philadelphia	90	375	\$33,750	467.50	42,075	282	100	\$168,238 80
Philadelphia to Pittsburg....	354	375	132,750	469	166,059 14	175	92	197,134 33
			\$166,500		208,134 14			\$365,372 13

TABLE showing the pay as claimed by the Railroad Companies, with increased service, and the revenue from first class freight from same car space:

Termini.	Miles.	Pay claimed at 13 mills per carfoot.		Car Space required.		Revenue now received for freight in same car space.	
		Per Mile.	Per Year.	Week Day.	Sunday.	Per Mile.	Per Year.
New York to Philadelphia.	90	1,215 15	\$109,355 25	282	100	1870	\$168,238 80
Philadelphia to Pittsburg.....	354	1,050 90	372,039 48	243	92	756	267,582 24
			\$481,394 60				\$436,821 04

By which it will be seen that the rate of 13 mills per lineal foot of car per mile as asked for by the Railroad Companies would give us for mail service between New York and Pittsburg, for the amount of car space demanded by the Post-office Department, \$481,394 60, while our revenue for the same car space on freight train would be \$436,821 04, thus paying us but \$44,573 56 per year for the use of first class passenger coaches lighted and heated, carried at high speed, with at least one passenger to every five feet linear of car, instead of slow speed in ordinary freight box cars.

I would also respectfully call your attention to the first tabular statement, in which it is shown that our pay for postal service between New York and Philadelphia, and Philadelphia and Pittsburg, under *the law of 1873*, as compared with first class freight for similar car space, would cause us a *loss of \$157,238.01 annually*; and that for the many years past under the old law, while we have been hopefully waiting for the fulfillment of promises that we should be fairly remunerated, *our annual loss has been \$198,872.13*.

All these figures have been prepared upon the adoption of a freight car 30 feet long, instead of 26 feet long, as is used upon our line, carrying the same load as is hereinbefore specified; and, therefore, to exhibit clearly the situation of the *Pennsylvania Railroad Company* in this matter of postal services, the same character of figures will be submitted, with the simple alteration of car length, viz:

Between Philadelphia and New York, taking the annual business of 8,411,940 car feet for one mile, the foot rate will be \$2 $\frac{3}{1000}$ 8, which for the 90 miles would pay us in freight.....	\$194,147.57
Proposed mail pay under new law.....	42,075.00

Annual loss to Penna. R. R. Co. between Philadelphia and New York.....	\$152,072.57
Between Philadelphia and Pittsburg, taking the annual business of 28,618,442 car feet for one mile, the rate will be 10 $\frac{9}{100}$ 8 cents per foot per mile, which, for 354 miles for freight, would pay yearly.....	\$309,078.95
Proposed mail pay.....	200,818.00

Annual loss to Penna. R. R. Co. between Philadelphia and Pittsburg.....	\$108,360.95
Or a total loss between New York and Pittsburg of...	\$260,433.52

As compared with our claim of 1 $\frac{3}{10}$ cents per foot of car per mile, the exhibit would be as follows:

Freight receipts in car space required by the Post-office Department between New York and Pittsburg.....	\$503,226.52
Our claim for 13 mills per car foot for postal service would be.....	481,394.60

Deficiency of mail pay over freight receipts per year..	\$21,831.92
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For the postal service between New York and Pittsburg, including six clerks in each postal car, and one in each apartment car, which cars are luxuriously fitted, lighted and heated, and carried with passenger trains at 30 miles per hour, our company offers to accept a rate of pay which is nearly \$22,000 *less per year than* is now obtained for carrying a similar capacity of freight, in rough box cars, neither lighted nor heated, and at the slow speed of 15 miles per hour, without passengers of any kind.

Before closing this communication, I must refer you to one fact which has not been alluded to by Mr. Davis, which will show that

the Post-office Department is realizing large amounts from railroad companies for carrying bundles and packages that are not really of the sacred character in value under which letters might be designated, and may, therefore, in justice be called freight.

I allude to the transportation of newspapers and magazines leaving out of the question other freight, such as samples and small goods, which are distributed broadcast over the country. The New York News Company now send large quantities of printed matter, made up in strong bundles, between New York and Philadelphia, upon which (when newspapers) they pay to the Post-office Department \$3.20 per 100 pounds, or \$60 net ton.

These bundles are carried in our cars by the Government, at fast speed, at \$60 per ton, while if carried by us at first class freight rates the charge would be *only* \$6 *per ton*—the Government rate thus being ten times greater than ours.

Yet for this duty it may well be said we receive *nothing*. Our work is intended to comprise carrying the mails, and not merchantable matter. This system is injurious to the railroad interest, as taking freight matter from them which, as transporters, they are entitled to. So that, in connection with the fact of our receiving no compensation for it, the Post-office Department absolutely deprives us of our legitimate business.

Respectfully submitted,

(Signed), STRICKLAND KNEASS,
Asst. to Prest.

